

Celebrating



Years

ANNUAL REPORT 2017

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THE
JMB
GROUP

25

Years

Standing for Love

25
Years

*Standing
for...*

Our Promise

We promise to keep your best interests at heart, and we will try to do so by listening to, understanding and caring for you and your family's unique needs, exceeding your greatest expectations by providing simple transparent solutions, oriented around you and your family's life goals.

Our Mission

To maximize client satisfaction through exceptional client care and world class financial advice and expertise.

Solidity, ethics, credibility and openness are hallmarks of JMMB as experts in all aspects of our operations.

To be a dynamic, international, multifaceted financial group that has a caring, loving and fun environment where team members are productive, creative, happy and fulfilled.



Standing for...
families.

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Proxy Form Insert

JMMB - a story of phenomenal growth

Jamaica Money Market Brokers (JMMB) has experienced phenomenal growth over the last 10 years with its last reported profits being \$550 million, all this despite the last decade of recession challenges and often crippling uncertainty for the financial sector.

Jamaica Money Market Brokers (JMMB) continues to grow from strength to strength. In a period when sales were down and cutting back was the order of the day, the company has made exceptional profits every year since its incorporation in 1992 and has grown from one branch to seven branches and has a joint venture in Trinidad and Tobago.

Now as they mark their 10th anniversary, the company has started off in a small office downtown, in all the leading money market broker in Jamaica and the Caribbean. JMMB's life in various joint ventures, Caribbean Money Market Brokers Limited (CMMB) was developed based on a blue print - the brainchild of founder Joan Duncan.

Both companies have experienced phenomenal growth and are the leaders in their respective markets. Today JMMB's capital base is \$1.6 billion and CMMB's capital base is \$100 million.

CMMB recently has just met \$1 billion in funds under management after only one year of operation. How did they achieve this? JMMB attributes their success to the following factors:

• Expertise
• Phenomenal Service
• Vision

The Vision is that a company could be based on love, not



Donna Duncan-Scott



Keith Duncan

only for its team members but for its clients as well. The aim and spirit of the vision deals with the possibility of opening up the money market in the entire region as well as providing liquidity for institutions.

It was this vision that allowed JMMB to be the pioneer in the development of the Secondary Money Market.

A lot of others doubted its love and demonstrated through exceptional service to their clients regardless of the

size of their investment portfolio. As a result, a high growth is placed on public education about investments and the money market, with a view to providing their clients with comprehensive information, enabling them to make the best financial decisions.

The public's response has been overwhelming. The company now serves 10,000 clients.

Another leading organization has been successful in conducting business through and through. This has resulted in a lot of money and income for all those who are involved.

Partners which are joined by mutual vision. JMMB began in 1992 with three members of staff.

Three members of staff the company has 200 staff members in 10 offices.

In the company upon \$100 million in revenue, JMMB's income is \$100 million.

The senior management team has three strong financial analysts, including Donna Duncan-Scott, managing director, Keith Duncan, deputy managing director.

JMMB's first trading partner was Ram Ramesh who has succeeded in Trinidad and Tobago to head Caribbean Money Market Brokers Limited.

JMMB has held over 10 mandates of empowering clients and more to making their revenues and achieve their goals. Not only has it company seen phenomenal financial success, they have received several awards including the JCC Best of the Year, Jamaica Observer Business Leader Award and in the year 2000 was named by Ernst Young for the

Caribbean Entrepreneurial Award.

During exceptional phenomenal growth in its first decade of existence, the JMMB team is more confident that their model based on love,

trust, empowerment and integrity is a winning formula.

The next 10 years will be marked by further regional expansion and the introduction of innovative new products, which will be strongly

designed to yield the best results in a changing market.

In an era where many financial institutions have not stood the test of time, JMMB has not just survived, they have thrived.

www.jamaicagleaner.com | FINANCIAL GLEANER

JMMB's sales team achieves \$1 billion funds under management

Jamaica Money Market Broker's (JMMB) sales team lead by corporate sales manager, Paul Taylor has achieved its first \$1 billion funds under management. In the process, the team has surpassed its own year-to-date budgeted direct sales target.

According to the JMMB corporate sales manager, "all members of the sales team, including Audrey Nembhard, Karlene Jarrett and Wayne Barrett deserve special mention for the important role they all played in the success of the team."

It was vital that the team be given all the technological support it needed to deliver on targets set. He made it clear that investors welcomed the

opportunity now provided by JMMB for sales officers to come into their offices and homes to open accounts, thus providing them with the kind of quality customer intimacy that JMMB has come to present. JMMB has played a significant role in the development of the secondary market in debt securities in Jamaica and is one of the country's leading money market investment companies.

The brain-child of Joan Duncan whose daughter, Donna Duncan now heads the company JMMB posted net profits of \$331.9 million for the financial year ended February 2001 and currently trades an average of \$57 billion in government and corporate paper per month.



Donna Duncan

Donna Duncan appointed managing director of JMMB

DONNA KAYE Duncan has been appointed managing director of the investment firm, Jamaica Money Market Brokers (JMMB) at a board meeting held at JMMB's Head office recently. Her appointment is effective immediately.

Ms. Duncan has been acting as managing director for the past nine months and succeeds her late mother Joan Duncan who started JMMB in 1992.

According to Ms. Duncan her appointment is confirmation of the superb efforts of the JMMB team over the last few months.



- File

Donna Duncan is a graduate of the University of Western Ontario, Canada and gained a Master of Business Administration (MBA). She is a founding member of the company.

Director, Portfolio Management and Marketing for five years. She has been instrumental in the development of all JMMB's products and services.

At present she is a Chartered Financial Analyst (CFA) candidate, an internationally recognised certification and has already been successful in two of three levels. She will sit the final level next year.

Ms. Duncan is committed to JMMB's mission, and, together with the JMMB team is developing several new products and services which will be of great benefit to existing and potential clients.

In its six years of existence JMMB has seen phenomenal growth with after tax profits for February 1997 -98, of \$74 million.

JMMB has four branches in Jamaica with a complement of

2 - THE FINANCIAL GLEANER, Friday January 28, 2000

JMMB expansion

THE Jamaica Money Market Brokers (JMMB) is set to expand its operations in Trinidad with a money market company called Caribbean Money Market Brokers (CMMB).

The company, a joint venture with a leading Trinidadian financial institution is now awaiting regulatory approval. It is expected to be fully trading

Caribbean Money Market Brokers will be managed by JMMB's present portfolio manager, Ram Ramesh. JMMB was founded in November 1992 by Joan Duncan, with her daughter Donna Duncan who is still serving as managing director.



Duncan

FEATURE

Joan Duncan's persistence yields success

EXECUTIVE PROFILE



Joan Duncan, managing director of Jamaica Money Market Brokers (JMMB), is a woman of many talents. She is a successful businesswoman, a devoted mother, and a dedicated professional.

The need for the development of a money market was strongly reinforced in Joan Duncan's mind when she was manager of NCB Investments between 1988 and 1992.

She was continuously pressing NCB to go into the money market. "I saw there was a big void in short-term paper."

With NCB Investments she was able to help the commercial bank manage excesses and shortages in daily cash balances by way of repurchase agreements to repurchase as well as reverse purchase and trade agreements.

Joan Duncan has actually been involved in banking since 1973 when she joined the Workers Savings and Loan Bank as a credit officer.

A graduate of the University of the West Indies, where she obtained her B.Sc. in accounting, she also holds the B.Sc. degree from Concordia University, where she received the award of Gold Medal in Finance. Her educational background includes studies in sociology and economics at the UWI as well as physics and chemistry at McGill University.

Her secondary education was completed at Clarendon College and Mrs. Duncan, who was married to former People's National Party General Secretary D.K. Duncan, is a chartered accountant.

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Her relations with her staff are warm, cordial and pleasant. At the end of every month they get a bonus of 10 per cent.

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Lord the Song of My Heart,
Hear O Lord and Have mercy
That song would inspire me for
the day I was determined that
my children would get a good
education and that I would give
them all they needed. It has
been these hard work and ap-



DUNCAN-SCOTT



DUNCAN

Keith Duncan takes the helm at JMMB

PRESIDENT AND chief operating officer (COO) of Jamaica Money Market Brokers (JMMB), Keith Duncan, will now take over leadership of the JMMB Group of companies as Donna Duncan-Scott has chosen to play a new role in the JMMB Group, the company stated yesterday.

The new leadership, effective immediately, represents a change-over from Donna Duncan-Scott who, for the past seven years, has been successfully spearheading the growth of the company.

STRONG LEADERSHIP

The strength of her leadership was substantiated by the growth in the companies' capital base from under \$200 million up to \$5 billion up to December 2004 when she went on her leave of absence. In his new role, Mr. Duncan will continue to steer the development and implementation of strategies and procedures to sustain the company's growth.

In outlining the reasons behind the transition, Mrs. Duncan-Scott

allows her to devote more energy to her children, and at the same time contribute to the JMMB Group.

STRUCTURES ARE IMPORTANT

She stated, "As we expand regionally it is important that we put appropriate structures in place to continue to build our culture based on the core values of honesty, openness, integrity and love, which has been the source of our success. Keith has been applying equal amounts of energy and commitment to the advancement of JMMB over the years and will continue to do so as head of the group. Our clients can be assured continued successes and accountability under his direction. He stands for accountability, results and has a global perspective. Our relationship, while unique, is complementary and this move will continue to serve the JMMB mission built by our mother, Joan Duncan."

In expressing his appreciation of the latest development, Mr.

25-year strategic plan, which for the last five years has been focused on regional expansion. Included in this plan is our aim to systematically and strategically replicate the JMMB business and culture model into North America and Europe.

"Currently, Caribbean Money Market Brokers Ltd. (CMMB) in Trinidad and Tobago, Barbados and St. Lucia are showing good returns (adding \$335.4M over the last six-month period, a 97.8 per cent increase), and we expect to open our first branch in Guyana before the end of the year. In this capacity, we will continue to strengthen core management and organisational effectiveness to meet the challenges as well as prepare us for further expansion."

MES
FORCE ALWAYS ATTRACT!
PEACE CANNOT BE KEPT
BE ACHIEVED BY UNDER!

A DANGER
DO EVIL,
AND DO N
to you by

THE FINANCIAL GLEANER, Thursday, December 23, 1999

JMMB tackles banks on home turf

JAMAICA MONEY Market Brokers has launched a new money management account. Chequimate essentially allows clients to write cheques, which are debited directly from their investment accounts.

Similar style services are popular in the United States and are expected to catch the eye of local clients seeking expeditious chequing facilities.

The cheques are issued to clients based on the amount of cleared funds in their accounts.

As soon as cheques are issued, a lien is placed on the client's account which remains in place until the cheque has been tendered and processed. This ensures that there will always be cleared funds in the client's account to cover the cheque.

per cent per annum is higher than the rates offered by many banking houses on chequing accounts.

The outstanding features of this service are: written cheques are virtually guaranteed, the account yields an attractive interest rate, merchants need not be reticent at the prospect of receiving a "refer to drawer" as cheques are issued against clear funds at JMMB. Clients will be able to tender Chequimate cheques as they would a normal chequing account.

holders will not JMMB's account. These cheques can however if they are lost stop can be placed on the client's request.

33% of JMMB's share offer sold in first three days

By Edwards

Business Correspondent

LADING MONEY market operation, Jamaica Money Market Brokers (JMMB) has seen 33 per cent of its share offering sold in the first three days of a being made available to the public. This represents 100 million of the 300 million that the company is expected to raise.

The offer was to the market on Monday, December 12 with a little over 250 million of the 300 million shares being offered to the public at \$4.15 per share. The offer closes on December 13.

Speaking to the Financial Gleaner yesterday, JMMB's Deputy Managing Director, Keith Duncan said the most of the shares in their hand have been taken up by small individual investors, rather than institutional investors.

The JMMB has been very successful in its efforts to attract institutional investors. Duncan said the company is pleased with the response to the offer.

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K. DUNCAN

ds in Trinidad

market in debt securities in Jamaica and now trades an average of \$14 billion in government and fixed income paper per month, with total funds under management of \$17 billion.

Miss Duncan told the Financial Gleaner: "We are looking to expand into the Eastern Caribbean and

retain a seat on the board and Dr. Noel Lyon, our Chairman will also be the Chairman of the CMMB board."

The new company is capitalised at TT\$6m and will be further funded by preferential shares. It will be used as a satellite to trade between the Eastern Caribbean.

The CMMB will operate government and commercial paper portfolios. CMMB's

Corporate Profile

The JMMB Group is one of the leading financial groups in the Caribbean, serving approximately 220,000 clients in Jamaica, Trinidad and Tobago and the Dominican Republic combined. The JMMB Group provides a broad range of financial solutions including; investments, banking, remittances, and insurance brokering, to individual, corporate and institutional clients.

Our mission is to maximize client satisfaction through exceptional client care, world class financial advice and expertise. Solidity, ethics, credibility and openness are hallmarks of JMMB, as experts in all aspects of our operations.

Grounded in our Vision of Love, our core values of integrity, respect, honesty and love, our cadre of talented team members and our commitment to helping our clients achieve their financial goals, are the pillars of our success.

CORPORATE STRUCTURE

JMMB Group Limited is the holding company of the JMMB Group of Companies, namely: JMMB Merchant Bank Limited; JMMB Money Transfer Limited; Jamaica Money Market Brokers Limited; JMMB Insurance Brokers Limited; JMMB Fund Managers Limited; Capital & Credit Securities Limited; JMMB Real Estate Holdings; JMMB International Limited; JMMB Securities Limited; Jamaica Money Market Brokers (Trinidad and Tobago) Limited; JMMB Investments (Trinidad and Tobago) Limited; JMMB Securities (T&T) Limited; JMMB Bank (T&T) Limited.; Intercommercial Trust & Merchant Bank Limited; JMMB Holding Company SRL; Banco de Ahorro y Credito (JMMB Bank, S.A.); JMMB Sociedad Administradora De Fondos De Inversion, S.A.; JMMB Puesto de Bolsa, S.A.; and AFP JMMB BDI, S.A.

JMMB Group's Formula:

Vision + Values + Expertise
= Phenomenal Success.

CORPORATE CITIZENSHIP

The JMMB Group takes its role as a socially-responsible corporate citizen very seriously, and this has been a guiding principle, and a part of our DNA, since inception. Hence, our structured corporate social responsibility programmes are delivered primarily through the JMMB Joan Duncan Foundation in Jamaica, and localized community initiatives in the countries within which we operate. Throughout the years, our Vision of Love has been extended to communities, supporting various initiatives in the areas of sports, health, education and general outreach.

KEY HIGHLIGHTS

- Jamaica Money Market Brokers Limited, under an approved Scheme of Arrangement, was delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad and Tobago Stock Exchange (TTSE), and relisted as JMMB Group Limited on April 13, 2015.

- As a means of deliberate business line diversification in Trinidad and Tobago, JMMB acquired 50% shareholding in Intercommercial Bank Limited (IBL) in 2005, and later gained full ownership of the IBL Group in 2013. On May 2, 2016, IBL Bank was rebranded as JMMB Bank.
- On June 29, 2012, JMMB successfully completed the transaction to acquire the Capital & Credit Financial Group (CCFG) in Jamaica. This enabled the expansion of the JMMB Group, to include the provision of merchant banking, remittance and unit trust products and services, to its client base.
- In October 2007, JMMB Puesto de Bolsa opened its doors in the Dominican Republic, with a mandate to actively develop the money market in one of the largest Spanish-speaking Caribbean islands.
- Jamaica Money Market Brokers Limited (JMMB) opened for business in November 1992, as the first money market broker in Jamaica.

LONG TERM SUCCESS

In continuing on the path of success, the JMMB Group continues to put measures in place to streamline our operational synergies, build our business by investing in infrastructure, technology and training and improving channel delivery of financial solutions to our clients.

SUMMARY OF KEY PERFORMANCE HIGHLIGHTS FOR THE AUDITED RESULTS FOR THE 12 MONTH PERIOD ENDING MARCH 31, 2017

J\$2.03
EARNINGS PER STOCK UNIT

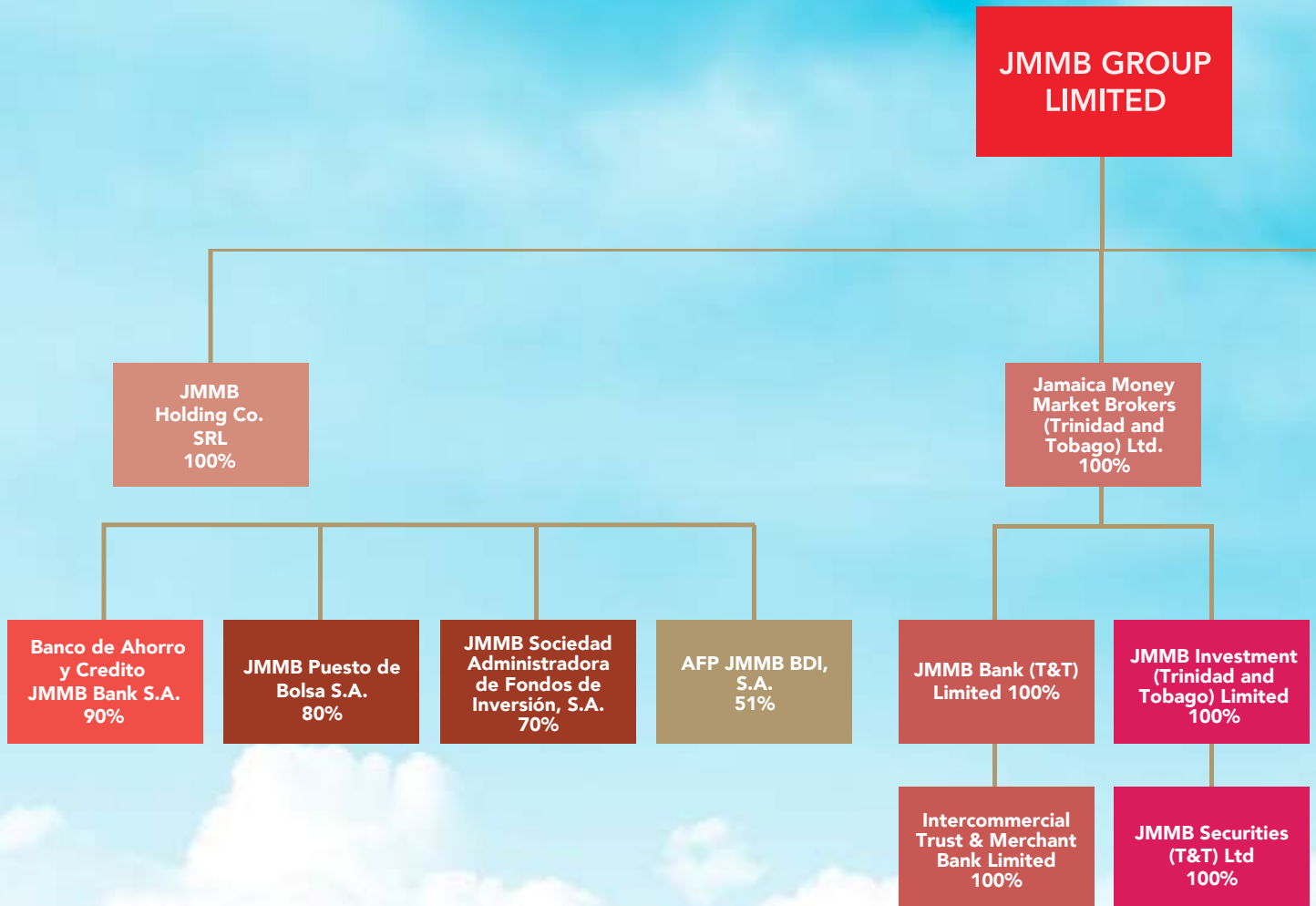
J\$3.35b
NET PROFIT

J\$6.77b
NET INTEREST INCOME

271,000+
CLIENT BASE

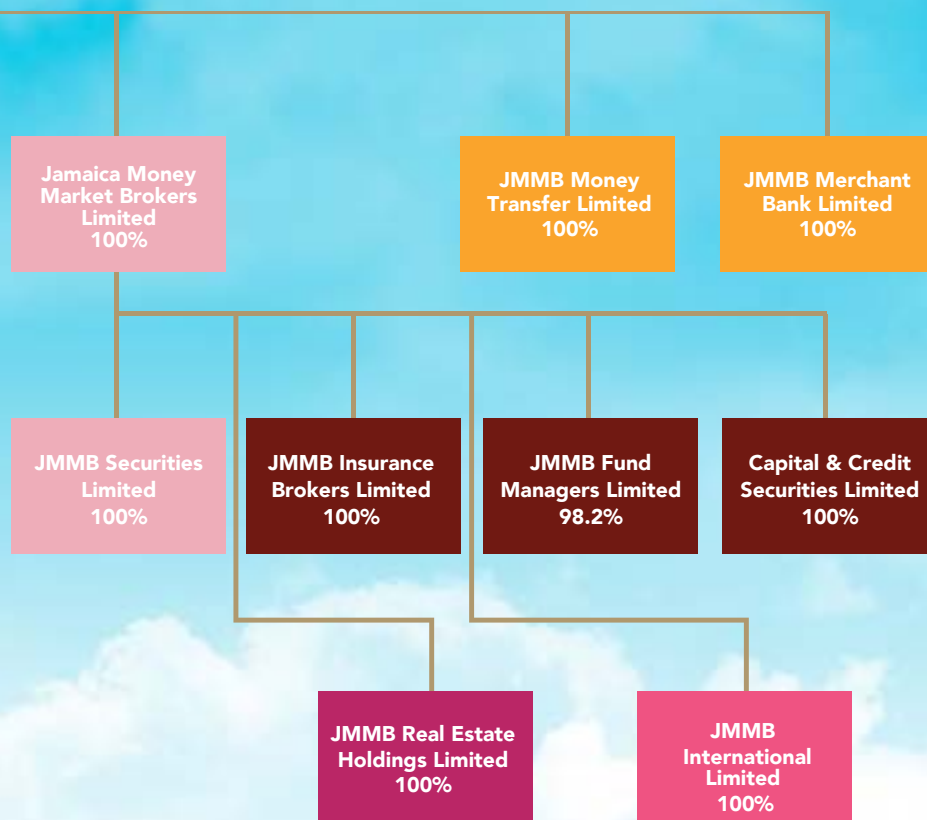
J\$14.65b
OPERATING REVENUE

Corporate Structure



*Standing
for...*

Prudent
planning
and a
strong
structure



- | | |
|--------------------------------------------------------------|--------------------------------------------------------------------|
| ■ BOJ Regulated | ■ Central Bank of Dominican Republic (Future) |
| ■ FSC & BOJ Regulated | ■ Superintendencia de Bancos de la Republica Dominicana |
| ■ FSC Regulated | ■ Superintendencia de Valores de la Republica Dominicana |
| ■ Central Bank of TT Regulated | ■ Superintendencia de Pensiones de la República Dominicana (SIPEN) |
| ■ TTSEC Regulated | |
| ■ Eastern Caribbean Securities Commission Regulated (Future) | |
| ■ Unregulated | |

Corporate Information

Client Care Support

(876) 998-JMMB (5662)
From the USA and Canada:
1 (877) 533-5662
From the UK: 0 (800) 404-9616
Opening Hours:
Monday – Friday:
8:00 a.m. – 7:00 p.m.
Saturday: 9:00 a.m. – 7:00 p.m.
Email: info@jmmb.com
Website: www.jmmb.com



JMMB Head Office

Investments

6 Houghton Terrace,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-9546
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.
Email: info@jmmb.com
Website: www.jmmb.com

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Kisha Anderson – Executive
Director and Country Manager
Audrey Deer-Williams
Keith Duncan – Executive Director
& Group Chief Executive Officer

Dennis Harris
V. Andrew Whyte
Carolyn DaCosta –
Corporate Secretary
Claudine Campbell Bryan –
Deputy Corporate Secretary

HAUGHTON AVENUE BRANCH

5 Houghton Avenue,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 920-7281 or 998-9380
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.
Drive Thru
Monday – Friday:
9:00 am – 5:00 p.m.
Saturday: 10:00 a.m. – 2:00 p.m.

KNUTSFORD BOULEVARD BRANCH

11 Knutsford Boulevard,
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927 or 960-4455
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.

JUNCTION AGENCY

Shop 2, Roye's Plaza,
Main Street, Junction
St. Elizabeth
Tel: (876) 998-5662
Opening Hours:
Monday – Friday:
8:30 a.m. to 3:30 p.m.

MANDEVILLE BRANCH

23 Ward Avenue,
Mandeville, Manchester
Tel: (876) 998-5662
Fax: (876) 625-2352

Opening Hours:

Monday – Friday:
8:30 a.m. – 3:30 p.m.

MONTEGO BAY BRANCH

Suite 1,
Fairview Office Park,
Alice Eldemire Drive,
Montego Bay, St. James
Tel: (876) 998-5662
Fax: (876) 979-8985

Opening Hours:

Monday – Friday:
8:30 a.m. – 3:30 p.m.

MAY PEN BRANCH

Shop 28B, Bargain Village Plaza,
35 Main Street,
May Pen, Clarendon
Tel: (876) 998-5662
Fax: (876) 786-3660

Opening Hours:

Monday – Friday:
8:30 a.m. – 3:30 p.m.

OCHO RIOS BRANCH

Guardian Life Building,
2 Graham Street,
Ocho Rios, St. Ann
Tel: (876) 998-5662
Fax: (876) 795-3886

Opening Hours:

Monday – Friday:
8:30 a.m. – 3:30 p.m.

PORTMORE BRANCH

47-48 West Trade Way,
Portmore Town Centre,
Portmore, St. Catherine
Tel: (876) 998-5662
Fax: (876) 939-3207

Opening Hours:

Monday – Friday:
10:30 a.m. – 6:00 p.m.
Saturday: 10:30 a.m. – 2:00 p.m.

SANTA CRUZ BRANCH

Shop # 2 Oasis Plaza, Coke Drive,
Santa Cruz, St. Elizabeth
Tel: (876) 998-5662
Fax: (876) 966-9816
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.

ETM DUAL CURRENCY SERVICE (US\$ & J\$)

- Haughton Terrace
- Junction
- Knutsford Boulevard
- Liguanea
- Mandeville
- May Pen
- Montego Bay
- Ocho Rios
- Phoenix Avenue
- Portmore
- Santa Cruz



6 Haughton Terrace,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-8106
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.
Website:
www.jmmbsecurities.com
Email: info@jmmbsecurities.com

BOARD OF DIRECTORS

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& Group Chief Executive Officer
Dennis Harris
V. Andrew Whyte
Carolyn DaCosta –
Corporate Secretary
Claudine Campbell Bryan –
Deputy Corporate Secretary



8 Dominica Drive, New Kingston
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927 or 998-9380
Opening Hours:
Monday – Friday:
8:30 a.m. – 4:00 p.m.
Website:
www.jmmbinsurance.com
Email: info@jmmbinsurance.com

BOARD OF DIRECTORS

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Kisha Anderson
Cecile Cooper
Keith Duncan
Paul Gray
Claudine Campbell Bryan –
Corporate Secretary



6 Haughton Terrace,
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Executive Officer
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V. Andrew Whyte
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Corporate Secretary
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Deputy Corporate Secretary



HEAD OFFICE

6-8 Grenada Way
Kingston 5
Jamaica, W.I.
Tel: (876) 998-5662
Toll Free: 1 (888) 991-2062/7
Fax: (876) 960-1381
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.

BOARD OF DIRECTORS

Dennis Harris – Chairman
Vintoria Bernard
Archibald Campbell
Keith Duncan
Donna Duncan-Scott
Martin Lyn
H. Wayne Powell
Gregory Shirley
Patricia Sutherland
V. Andrew Whyte
Carolyn DaCosta –
Corporate Secretary
Claudine Campbell Bryan –
Deputy Corporate Secretary

KNUTSFORD BOULEVARD BRANCH

11 Knutsford Boulevard
New Kingston
Kingston 5
Tel: (876) 998-5662
Fax: 960-3927 or 960-4455
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.

MONTEGO BAY BRANCH

25 Church Street
Montego Bay, St. James
Jamaica, W.I.
Tel: (876) 998-5662
Fax: (876) 952-4647
Opening Hours:
Monday – Friday:
8:30 a.m. – 3:30 p.m.

OCHO RIOS BRANCH

2 Graham Street
Ocho Rios, St. Ann
Jamaica, W.I.

Tel: (876) 998-5662

Fax: (876) 974-8631

Opening Hours:

Monday – Friday:

8:30 a.m. – 3:30 p.m.



HEAD OFFICE

6-8 Grenada Way,
Kingston 5

Jamaica, W.I.

Tel: (876) 998-5662

Toll Free: 1 (888) 991-2062/7

Fax: (876) 960-2833

E-mail:

jmmbmoneytransfer@jmmb.com

Opening Hours:

Monday – Friday:

8:30 a.m. – 5:00 p.m.

Website:

www.jmmbmoneytransfer.com

BOARD OF DIRECTORS

Archibald Campbell – Chairman

Kisha Anderson

Maurice Barnes

Andrew Cocking

Keith Duncan

V. Andrew Whyte

Carolyn DaCosta –

Corporate Secretary

Claudine Campbell Bryan –

Deputy Corporate Secretary

HEAD OFFICE

Av. Gustavo Mejía Ricart

Corporate Building, 2010

PISO 12

No. 102 esq. Ave. Abraham

Lincoln, Santo Domingo,

República Dominicana

Tel: (809) 566-5662

Fax: (809) 620-5662

Website: www.jmmb.com.do

BOARD OF DIRECTORS

Archibald Campbell – Chairman

Jose De Moya Cuesta –

Corporate Secretary

Keith Duncan

Donna Duncan Scott

Ricardo Antonio Ginebra Pou

Roberto Jimenez Collie

Julian Mair

V Andrew Whyte

CORPORATIVO 2010

Edificio Corporativo 2010

Av. Gustavo Mejía Ricart

No. 102 esq. Ave. Abraham

Lincoln, Santo Domingo,

República Dominicana

Tel: (809) 566-5662

Fax: (809) 620-5662

Email: info@jmmb.com.do

Opening Hours:

Monday – Friday:

9:00 a.m. – 6:00 p.m.

PLAZA CHARO

Plaza Bulevar 2do nivel

Av. Juan Pablo Duarte

Santiago, República Dominicana

Tel: (809) 566-5662

Fax: (809) 620-5662

Opening Hours:

Monday – Friday:

9:00 a.m. – 6:00 p.m.

Av. Gustavo Mejía Ricart
Corporate Building, 2010
PISO 15

No. 102 esq. Ave. Abraham

Lincoln, Santo Domingo,

República Dominicana

Tel: (809) 566-5662

Fax: (809) 620-5662

Website: www.jmmb.com.do

Opening Hours:

Monday – Friday:

9:00 a.m. – 6:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell – Chairman

Keith Duncan

Ricardo Antonio Ginebra Pou –

Corporate Secretary

Roberti Jimenez Collie

Rafael Medina Quinones

Juan Carlos Rodriguez Copella



Av. Gustavo Mejía Ricart
Corporate Building, 2010
PISO 15

No. 102 esq. Ave. Abraham

Lincoln, Santo Domingo,

República Dominicana

Tel: (809) 566-5662

Fax: (809) 620-5662

Website: www.jmmb.com.do

Opening Hours:

Monday – Friday:

9:00 a.m. – 6:00 p.m.

BOARD OF DIRECTORS

Patrick Ellis – Chairman

Rodolfo Cabello Blanco

Carlos Alberto Del Giudice –
Corporate Secretary
Paul Gray
Juan Carlos Pais Fernández
Diego Sosa Sosa
Rafael García Albizu



Corporate Building, 2010
PISO 1
No. 102 esq. Ave. Abraham
Lincoln, Santo Domingo,
República Dominicana
Tel: (809) 566-5662
Fax: (809) 620-5662

Website: www.jmmb.com.do

Opening Hours:

Monday – Friday:
9:00 a.m. – 5:30 p.m.

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Jorge Reid Armenteros
Guillermo Arancibia Krumm
Keith Duncan
Ricardo Feris
Dennise Pichardo Espaillat –
Corporate Secretary
Lizette Solano



HEAD OFFICE

DSM Plaza, Old Southern Main
Road, Chaguana,
Trinidad and Tobago
Tel: (868) 800-JMMB (5662)
Fax: (868) 665-6663
Website: www.jmmbtt.com

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Nigel Romano – Managing
Director
Keith Duncan
Hugh Duncan
Lorraine Kam
Winston Millett
Marjorie Nunez
Wayne Sutherland
John Tang Nian
Selby Wilson
Denise Roopnarinesingh -
Corporate Secretary

**PORT OF SPAIN
BRANCH**

77 Independence Square South,
Port of Spain,
Trinidad
Tel: (868) 800-JMMB (5662)
Fax: (868) 625-9528
Opening Hours:
Monday – Thursday:
9:00 a.m. – 3:00 p.m.
Friday: 9:00 a.m. – 5:00 p.m.

TUNAPUNA BRANCH

30-32 Eastern Main Road,
Tunapuna, Trinidad.
Tel: (868) 800-JMMB (5662)
Fax: (868) 645-1821
Opening Hours:
Monday – Thursday:
9:00 a.m. – 3:00 p.m.
Friday: 9:00 a.m. – 5:00 p.m.

**SAN FERNANDO
BRANCH**

SouthPark, Tarouba Link Road,
San Fernando, Trinidad
Tel: (868) 800-JMMB (5662)
Fax: (868) 658-5820
Opening Hours:
Monday – Friday:
10:00 a.m. – 5:00 p.m.

**INTERCOMMERCIAL
TRUST AND MERCHANT
BANK LIMITED**

DSM Plaza, Old Southern Main
Road, Chaguana,
Trinidad and Tobago
Tel: (868) 627-3264 or
6275068 or 623-0924
Fax: (868) 665-6663

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Nigel Romano – Managing
Director
Keith Duncan
Hugh Duncan
Lorraine Kam
Winston Millett
Marjorie Nunez
Wayne Sutherland
John Tang Nian
Selby Wilson
Denise Roopnarinesingh -
Corporate Secretary



169 Tragarete Road,
Port of Spain
Tel: (868) 224-JMMB (5662)
Fax: (868) 224-5666
Opening Hours:
Monday – Friday:
8:00 a.m. – 4:00 p.m.

CENTRAL BRANCH

DSM Plaza, Old Southern Main
Road, Chaguanas,
Trinidad and Tobago
Tel: (868) 800-JMMB (5662)
Fax: (868) 665-6663

Opening Hours:

Monday – Friday:
8:00 a.m. – 4:00 p.m.

SOUTH BRANCH

SouthPark, Tarouba Link Road,
San Fernando, Trinidad
Tel: (868) 800-JMMB (5662)
Fax: (868) 658-5820

Opening Hours:

Monday – Friday:
8:00 a.m. – 5:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Kisha Anderson
Michal Andrews
Dr. Marlene Attzs
Keith Duncan
Julian Mair
Wayne Sutherland
Carolyn DaCosta - Corporate
Secretary
Denise Roopnarinesingh – Deputy
Corporate Secretary

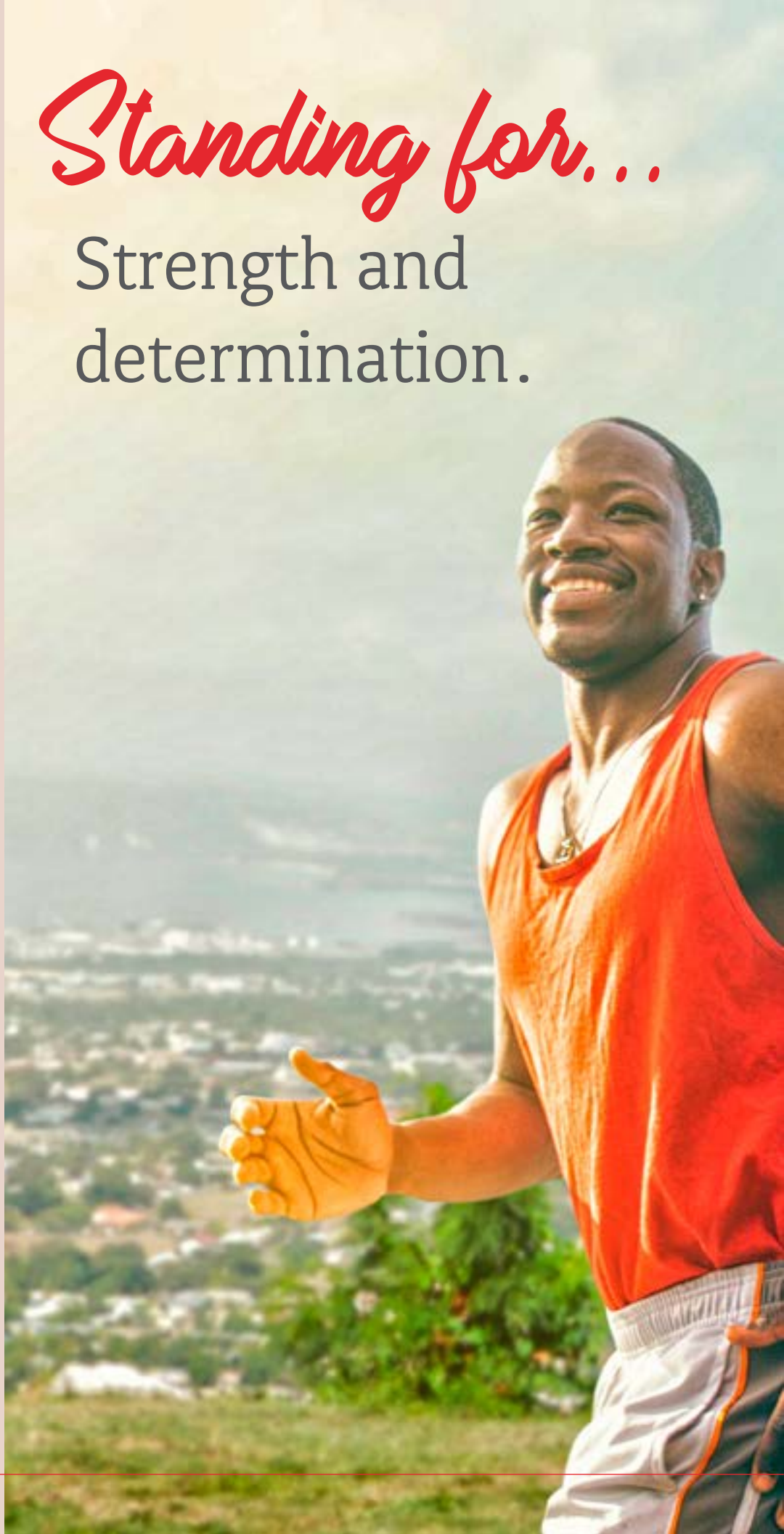


Same Addresses and contact
information as JMMB Investments
(Trinidad and Tobago Limited)

BOARD OF DIRECTORS

Archibald Campbell – Chairman
Kisha Anderson
Michal Andrews
Dr. Marlene Attzs
Keith Duncan
Julian Mair
Wayne Sutherland
Carolyn DaCosta -
Corporate Secretary
Denise Roopnarinesingh –
Deputy Corporate Secretary

Standing for... Strength and determination.







**Archibald
Campbell**
Group Chairman

Keith Duncan
Group Chief Executive
Officer

Group Chairman and Group CEO Report

We are pleased to submit the Annual Report for the JMMB Group for the year ended March 31, 2017. The JMMB Group posted a net profit of J\$3.35 billion and an operating revenue of J\$14.6 billion, an increase of 28.2% over the prior year. Earnings per share stood at J\$ 2.03.

The Group has shown the continued ability to deliver solid financial results while serving our clients across the region and making sound investments for the future. The Group's financial results reinforce our confidence in the strategy we are pursuing. It also shows the benefit of having diversified business lines that are broader and more balanced than in the past, making it less subject to impacts from the external environment.

The JMMB Group saw strong results from its operations in Jamaica and improved results from our Trinidad operations. Our Dominican operations showed steady results as they continued to build out new business lines and operations in 2016. Overall, the core businesses of the Group continued to show strong growth. Our Banking Services business line continues to show improved results. This consistent performance has been driven by a disciplined growth strategy guided by a set of clear strategic priorities.

A more in-depth analysis of the performance of each business line and of our overall results is presented in the Management Discussion and Analysis section of this Report.

KEY HIGHLIGHTS OF THE FY 2016/17

The JMMB Group celebrated some key milestones in 2016/17. The Group received its approval from the Bank of Jamaica for the upgrading of its Merchant Bank Licence in Jamaica to a Commercial Bank. This will allow us to provide a wider variety of Banking Services to our clients in Jamaica.

We also celebrated the launch of the second Integrated Branch at the South Park location, in Trinidad and Tobago, which offers both Investment and Banking Services. This is a signal of our expansion efforts in the Trinidad and Tobago market as we continue to bring diversified options to our regional clients.

The JMMB Group also broadened its financial solutions offerings to our clients with the launch of its Online Trading Solution in the Trinidad and Tobago market. The online trading platform was designed to cater to the varying needs of our clients who are interested in making global investments and managing their own portfolios. We acknowledge the work being done to better respond to our clients' needs as they choose to manage their portfolios in new and different ways.

This platform will also be rolled out in Jamaica and the Dominican Republic.

Performance Highlights

- Net profit of J\$3.35 billion
- Operation Revenue of J\$14.6 billion
- Representing a 28.2% increase
- Earnings per share of J\$2.03

Our Mutual Funds business line in the DR, JMMB Sociedad Administradora De Fondos De Inversion (SAFI), successfully launched their first Real Estate Investment Fund (REIT) product in July 2016. This is the first USD REIT Fund in the DR and a central part of the Group's execution of its diversified product offering strategy.

ACKNOWLEDGEMENTS

We acknowledge the contribution of our Boards of Directors who passionately serve the JMMB Group across all the territories in which we operate. We appreciate the invaluable experience and fresh insights to our deliberations to ensure the well-being of all our companies within the Group.

We also pause to acknowledge the efforts of the Executive and Senior Management teams.

Together, they have set clear strategic priorities for the Group, and delivered against them – resulting in this strong performance for the financial year and generating substantial returns for shareholders. They continue to balance decisions to improve operating efficiencies that benefit our clients and enable future growth, while at the same time meeting these objectives within the framework of the different regulators.

The business has outstanding team members and they have made 2016 a very successful year. We acknowledge and recognise the efforts, commitment and sacrifices of all team members across the Group for the contribution to JMMB's performance and success to date. We are grateful to our team members across Trinidad and Tobago, Dominican Republic and Jamaica who also continue to play their part in enriching the lives of others in their communities and wider country.

To our valued clients, we remain committed to maintaining our long-term relationships with you and extend our sincere thanks for your loyalty and support.

We thank all our shareholders for your continuing confidence in JMMB and the direction we are headed. It is a privilege to serve you. Our shareholders can be assured that we are managing the various business lines within the Group, in a way that will help us to capitalise on the opportunities that exist today and especially, those that will undoubtedly emerge in the years to come.

WE EMBRACE OUR JOURNEY AHEAD!

In 2017, JMMB celebrates 25 years in business. We are very proud of this achievement as a Jamaican born company, especially in such a fast-changing world. We salute our founders, Joan Duncan and Dr. Noel Lyon for their vision, persistence and dedication to their dream. To Dr. Noel Lyon who completed his chairmanship of the JMMB Group upon his retirement in 2016, we thank you for your unrelenting support and contribution to not only the JMMB family, but to the wider Jamaican economy as well. Dr. Lyon brought deep expertise and outstanding business judgment to the Board and the JMMB Group during his Chairmanship.

We are convinced that there is much more to come, as we continue to improve the lives of the

Caribbean people through offering meaningful financial solutions tailored to meet their life goals. Our continued build out of our Regional Integrated Financial Services Model, will help us to achieve and capitalise on our brand promise to our clients.

In this our 25th year, we are energised and more committed to continuously refining our plans and making our businesses as sound, adaptable, and innovative as we possibly can. This will contribute to making the JMMB Group a more formidable competitor, and a sound long-term investment.

The JMMB Group is positioned for further growth, thanks to a unique set of advantages: robust and diversified business lines; diversification in key geographies and client segments; a strong balance sheet and capital position; a consistent and disciplined approach to managing risk; an unwavering commitment to regulatory compliance; industry-leading employee engagement; a long-standing commitment to developing our people and a trusted brand that anchors everything we do in our vision of love and commitment to our clients' best interest.

In this, our 25th year, we are energized and more committed to continuously refining our plans and making our businesses as sound, adaptable, and innovative as we possibly can.

We remain confident that our unique set of advantages will allow us to make the most of the opportunities ahead, as we continue to grow and strengthen the JMMB Group. The success we have built over the last two and a half decades is proof of our fundamental business agility and we will be continuing our journey on this foundation.

A handwritten signature in black ink, appearing to read 'Archibald Campbell', with a stylized flourish at the end.

Archibald Campbell
Group Chairman

A handwritten signature in black ink, appearing to read 'Keith P. Duncan', with a stylized flourish at the end.

Keith P. Duncan
Group Chief Executive Officer

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **FOURTH ANNUAL GENERAL MEETING** of the Company will be held at the **Jamaica Pegasus Hotel, Grand Jamaican Suite, 81 Knutsford Boulevard, Kingston 5, Jamaica on Thursday, September 21, 2017 at 10.30 A.M.** to consider and if thought fit to pass the following resolutions:

1. TO RECEIVE THE REPORTS OF THE DIRECTORS AND AUDITORS AND THE AUDITED ACCOUNTS FOR THE TWELVE (12) MONTHS ENDED MARCH 31, 2017.

"THAT the Reports of the Directors and Auditors and the Audited Accounts for the year ended March 31, 2017 circulated with the notice convening the meeting be adopted."

2. TO RATIFY INTERIM DIVIDEND PAYMENTS AND DECLARE THEM FINAL .

"THAT the interim dividends of Twenty-Two Cents (22¢) paid on December 20, 2016 and Twenty-Three Cents (23¢) paid on June 30, 2017, making a total of Forty-Five Cents (45¢) for the year, be and are hereby ratified and declared as final and that no further dividend be paid in respect of the year under review."

3. TO RE-APPOINT DIRECTORS

The directors retiring from office by rotation pursuant to Article 102 of the Company's Articles of Incorporation are Mr. Archibald Campbell, Mr. Andrew Cocking, Dr. Anne Crick and Mrs. Audrey Deer-Williams, who being eligible, offer themselves for re-election.

- (a) "THAT Director Archibald Campbell who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company";
- (b) "THAT Director Andrew Cocking who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company";
- (c) "THAT Director Anne Crick who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company";
- (d) "THAT Director Audrey Deer-William who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."

4. ELECTION OF DIRECTORS

In accordance with Article 108 of the Articles of Incorporation, the following directors, having been appointed during the year, retire and are eligible for re-election:

- (a) "That Director Patricia Dailey-Smith having been appointed during the year retires and being eligible offers herself for re-election."
- (b) "That Director H. Wayne Powell having been appointed during the year retires and being eligible offers himself for re-election."

5. TO APPOINT AUDITORS AND AUTHORISE THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS.

"THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the next annual general meeting at a remuneration to be fixed by the Directors of the Company."

6. TO APPROVE DIRECTORS' REMUNERATION

"That the amount included in the Audited Accounts of the Company for the year ended March 31, 2017, as remuneration for their services as Directors be and is hereby approved."

Dated this 1st day of July 2017

By Order of the Board



Carolyn DaCosta
Corporate Secretary

REGISTERED OFFICE
6 Houghton Terrace
Kingston 10

NB: A member entitled to vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company. Enclosed is a Form of Proxy for your convenience, which must be lodged at the Company's Registered Office at least forty-eight (48) hours before the time appointed for holding the meeting. The Form of Proxy shall bear the stamp duty of \$100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

Ten - Year Statistical Review

	YEAR ENDED 31-MAR-17	YEAR ENDED 31-MAR-16	YEAR ENDED 31-MAR-15	YEAR ENDED 31-MAR-14
GROUP FINANCIAL DATA	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
Total assets	251,556,110	230,607,286	217,715,302	206,706,119
Investment securities	171,571,803	156,976,090	157,226,757	145,777,726
Other interest earning assets	68,943,293	63,181,484	50,869,527	50,530,581
Repurchase agreements	156,647,595	149,262,369	144,501,658	143,302,425
Customer deposits	49,087,517	41,296,373	38,463,504	35,887,750
Stockholders' equity	26,794,699	22,716,581	21,723,064	18,688,980
Funds under management	281,101,963	250,485,809	238,695,980	223,584,330
PROFITS AND DIVIDENDS				
Operating revenue net of interest expense	14,650,056	11,424,075	10,319,661	8,732,250
Operating expenses	10,446,222	8,781,265	7,787,697	5,670,247
Profit before tax	4,156,046	2,595,557	2,354,039	3,398,051
Net profit	3,350,531	2,299,231	2,047,282	3,062,059
Dividends paid and proposed (in respect of the financial year)	733,749	603,304	521,776	538,082
Profit retained (in respect of the financial year)	2,616,782	1,695,926	1,525,506	2,523,977
FINANCIAL RATIOS				
Earnings per stock unit (cents)	203	139	118	174
Dividends per stock unit (cents)	45	37	32	33
Dividend payout ratio	21.90	26.2%	25.5%	17.6%
Price earnings ratio (multiple)	8.28	7.20	5.96	4.05
Return on average equity	13.53%	10.35%	10.13%	16.83%
Return on average assets	1.39%	1.03%	0.96%	1.58%
Book value per stock unit (J\$)	15.89	13.45	12.86	11.24
Net interest margin	2.81%	2.57%	2.60%	3.02%
Efficiency ratio (Admin. exp/ Revenue)	71.09%	76.64%	75.17%	64.86%
OTHER DATA				
Exchange rate J\$ per US\$1.00	128.67	121.70	114.77	109.28
Inflation rate (year over year)	4.14%	2.90%	4.00%	8.35%
Market Price per share (JSE closing price-J\$)	16.81	10.01	7.06	7.04
Number of stock units at year end	1,630,552,532	1,630,552,532	1,630,552,530	1,630,552,530
Market capitalisation	27,409,588,063	16,321,830,845	11,511,700,862	11,479,089,811

YEAR ENDED 31-MAR-13	YEAR ENDED 31-MAR-12	YEAR ENDED 31-MAR-11	YEAR ENDED 31-MAR-10	YEAR ENDED 31-MAR-09	YEAR ENDED 31-MAR-08
(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)	(J\$'000)
166,860,961	124,736,554	113,019,058	122,975,370	111,193,465	102,415,766
138,412,944	108,153,801	98,233,393	104,887,535	96,260,862	85,570,383
14,118,039	5,929,366	3,996,291	6,113,434	4,904,285	8,395,103
135,907,311	107,591,924	97,068,266	102,844,985	90,110,998	88,246,690
7,567,380	-	-	-	-	-
17,212,876	10,872,131	9,402,331	6,890,736	5,326,814	6,660,504
165,584,482	121,683,458	111,423,910	122,876,617	110,184,670	111,757,466
6,243,316	5,987,479	4,073,084	3,095,678	4,849,213	3,324,949
4,616,625	3,214,703	2,585,949	2,109,128	2,455,567	2,177,396
3,647,375	2,814,017	1,509,635	1,028,312	1,544,528	1,254,902
3,856,863	2,240,456	1,142,930	986,378	1,102,622	1,061,610
375,027	453,650	234,142	204,874	175,606	336,579
3,481,836	1,786,806	908,788	781,504	927,016	725,031
235	151	76	67	75	73
23	31	16	14	12	23
9.7%	20.2%	20.5%	20.8%	15.9%	31.7%
3.00	6.50	6.04	5.93	7.96	16.10
27.47%	22.10%	14.03%	16.15%	18.40%	15.27%
2.65%	1.88%	0.97%	0.84%	1.03%	1.11%
10.24	7.37	6.39	4.69	3.63	4.54
3.05%	3.10%	2.46%	1.71%	1.34%	1.63%
73.08%	53.59%	63.08%	67.80%	49.70%	65.49%
98.41	87.10	85.63	89.39	88.35	71.02
9.13%	7.30%	7.80%	13.31%	12.40%	19.90%
6.20	9.81	4.61	4.00	6.00	11.75
1,630,552,530	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752
10,109,425,686	14,355,824,037	6,746,212,927	5,853,547,008	8,780,320,512	17,194,794,336





A legacy of love.



In December 2016, the JMMB Group bid farewell to our Co-Founder and former Chairman, Dr. Noel Lyon in a fun filled and sentimental send-off. Here are a few highlights.



Thank You Doc

for your steady leadership, unwavering friendship and support. Enjoy your retirement.

self-actualisation.



Board of Directors



*Standing
for...*

strong
oversight
and sound
counsel.



Profiles of Directors



**ARCHIBALD
CAMPBELL**
GROUP CHAIRMAN

Archibald was appointed Chairman of JMMB in 2017, having served as Deputy Chairman since 2004. He served as Chairman of the Board of Trustees of the JMMB Pension Fund and the Risk, Audit and Finance Committees of JMMB Board, as a Director of JMMB Merchant Bank Limited and also a Director of the Bank's Credit Committee. He is a Past President of the Institute of Chartered Accountants of Jamaica and has served as an accounting expert in arbitration, as well as, director of several companies.

Archibald read for both his Masters and Bachelor of Science degrees in Accounting at the University of the West Indies. He served as a faculty member at his alma mater for a number of years and was the Chief Financial Officer/University Bursar with regional oversight of the institution until December, 2016.



**KEITH
DUNCAN**
EXECUTIVE DIRECTOR &
GROUP CHIEF EXECUTIVE
OFFICER

Keith is the Group Chief Executive Officer at the JMMB Group of Companies and has responsibility for overall performance and charting the strategic direction of the Group.

A true visionary and strategist, he has built one of the strongest trading teams in Jamaica. His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. A former president of the Jamaica Securities Dealers' Association, he was involved in a partnership with the Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players. In March 2011, under his leadership, the Company was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

Mr. Duncan served as a Vice-President of the Private Sector Organisation of Jamaica from 2013 to 2015, Past President of the Jamaica Securities Dealers Association (JSDA) and continues to contribute his service to Jamaica through various roles, including his current appointment as Chairman of the Economic Programme and Oversight Committee (EPOC).

Keith served as Chairman of the National Youth Service from 2003 to 2009 and worked closely with the respective Boards and teams to fulfill the mission of creating and reforming Jamaica's youth to become purposeful citizens. Mr. Duncan is a founding member of YUTE (Youth Upliftment through Employment) and is currently a Director on the Board of YUTE Ltd.

He has the designation of Chartered Financial Analyst and holds a B.A. (Economics) from the University of Western Ontario in Canada.



**ANDREW
COCKING**
DIRECTOR

A stalwart in the financial sector boasting almost three decades of experience, Andrew Cocking is currently an independent financial consultant. His financial journey includes senior management positions at the former Capital & Credit Financial Group (CCFG), which he co-founded with other shareholders. He also worked with the defunct Issa Trust & Merchant Bank, now a part of the Sagor Group. Following a four-year stint at Manufacturer Merchant Bank as Vice President, Investments, Marketing and Credit, Mr. Cocking's career led him to Pan-Caribbean Merchant Bank Limited. He also held management positions at Jamaica Citizens Bank Limited and Citibank N.A. Jamaica.

In recognition of his distinguished career in finance, he received a Citation of Appreciation for his outstanding service as President of the Association of Licensed Financial Institutions.

A trained engineer, he received a Bachelor of Science degree from Howard University and later pursued a Master of Science in Management and Public Policy from Carnegie Mellon University. Andrew has served as a director on numerous boards including: JMMB Remittance Limited, CAAC2000 (Carrier Air Conditioning Local Distributor) and Kidney Kids Foundation.



**ANNE
CRICK**
DIRECTOR

Appointed to the JMMB Board in 2006, Ann is a member of the Board of Studies for the College of Insurance and Professional Studies a member of the Advisory Council of the Jamaica Customer Service Association and an Honorary Fellow of the Jamaica Institute of Management.

A Senior Lecturer at UWI, Mona, Ann was a former Associate Dean and former Head of Department for the Centre of Hospitality and Tourism Management (Nassau) and the Department of Management Studies (Mona).

Anne holds a B.Sc. in Hotel Management from the University of the West Indies, a M.Sc with Honours from Pennsylvania State University and a Ph.D in Organisational Management from Rutgers State University.



**CAROLYN
DACOSTA**
CORPORATE SECRETARY

Carolyn has provided the JMMB Group with over two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. She has held several senior positions including Branch Manager for JMMB's flagship location, Settlement Manager, Technical Operations and Compliance Manager.

She has operated in the role of Group Company Secretary since 2008. In this capacity, she has overarching responsibility for ensuring that the organisation complies with standard financial and legal practices and maintains the defined standards of corporate governance. As such, she oversees the establishment, implementation and monitoring of the Company's compliance and regulatory framework.

In keeping with JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process, monitoring changes in relevant legislation and the regulatory environment and taking appropriate action.

Carolyn's professional qualifications include a Bachelor of Laws from the University of London, A Bachelor of Arts from the University of the West Indies, and an MBA in Finance from the Manchester Business School. Additionally, she is a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.



**AUDREY
DEER-WILLIAMS
DIRECTOR**

Audrey is a financial management professional who has amassed almost three decades of experience through a diverse career path. She is currently the Chief Technical Director at the National Insurance Fund where she is responsible for developing and executing strategies to grow the investment portfolio, currently valued at over \$95 billion. She previously worked at the Atlanta-based, Duncan Business Finance as an accountant. Additionally, she served as an operations coordinator and later financial analyst at two US-based companies. Prior to her stints in the USA, she worked with several local companies including the National Insurance Fund, First Cumberland Ja Stockbrokers and the Urban Development Corporation.

Audrey holds a Masters in Business Administration from Manchester Business School and a Bachelor of Science degree with a double major in Economics and Accounting from the University of the West Indies, Mona.

An active member of the Church of the Transfiguration, with a strong desire to give back to community, she currently serves as Chair of the church's outreach ministry. Additionally, she serves as a Director on several Boards including: several JMMB Group subsidiaries, the JMMB Joan Duncan Foundation, Sweet River Abbatoir and Supplies Limited and the National Insurance Fund. She also chairs the CHDT Committee.



**DONNA
DUNCAN-SCOTT
EXECUTIVE DIRECTOR,
CULTURE & HUMAN
DEVELOPMENT**

A true visionary and possibility thinker, Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to standing for the greatness in all.

Since 2005, she has infused her zeal for empowerment and transformation into her role as Group Chief Culture and Human Development Officer. Currently she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart.

Donna has a B.Sc. in Engineering, as well as an MBA from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the distinguished Chartered Financial Analyst accreditation.



**HUGH
DUNCAN
DIRECTOR**

As the Group Chief Capital Markets Officer for JMMB Group Ltd, Hugh brings a wealth of experience to the organisation having worked in the financial, banking & energy sectors. He served for over fourteen years with Citibank and was the Corporate Bank Head for Citibank (Trinidad & Tobago) and a member of Citibank's International staff working in Manila, Philippines for five years as Head of Structured Trade Finance, Asset Based Finance and Head of the Japanese Banking Unit. He also held the position of Director, Capital Markets at First Caribbean International Bank (FCIB) for the Northern Caribbean region and was subsequently the CEO and Managing Director of Intercommercial Bank Limited (IBL) for over seven years. Hugh worked at senior levels with the Jamaica National Investment Company Ltd (JNIC), Jamaica Bauxite Mining Company Ltd (JBM) and Petroleum Company of Trinidad & Tobago Ltd (Petrotrin) for over twelve years prior to joining Citibank. He sits on the Board of JMMB Bank (T&T) Ltd and is a member of the Credit and the Board Risk Committees.

Hugh holds an MBA degree from Concordia University and a Bachelor of Commerce degree from Sir George Williams University in Montreal Canada.



**DENNIS
HARRIS
DIRECTOR**

Dennis was appointed to the JMMB Limited's Board in January 2000 and sits on the Human Resource, Audit, Finance and Risk committees. He is also the Chairman of JMMB Merchant Bank Limited.

In 2011, he assumed the position of Managing Director of Unicomer Jamaica (Courts), building on the strong track record established while he was the Regional Finance Director for Courts Jamaica Limited's operations in the Caribbean with specific responsibility for Finance, Treasury, Credit and Information Technology. He also serves as a Director on the Boards of Unicomer Jamaica Limited and CGM Gallagher Group Limited and is a Chartered Accountant.



**REECE
KONG
DIRECTOR**

With almost thirty years of experience in Information Technology, Reece Kong has assumed the role of systems administrator, database administrator, network administrator, programmer analyst, project manager and vice president of information technology. He is currently the Managing Director and founder of RMP & Associates Limited, an information technology company that provides technological expertise to various government agencies, financial institutions and other corporate entities.

Reece has made significant contributions to the development of Jamaica's first electronic accounting system, used by the Central Government; Jamaica's first document imaging system, for the former Cable & Wireless Jamaica Ltd, as well as developing the system that computerized birth and death records at the Registrar General's Department. He has worked on applications ranging from automated fingerprint identification systems, mobile media applications; web based health insurance applications; handheld terminal applications; animation and government financial systems.

Reece is the holder of a Bachelor of Science degree from Nova South University and is a proud Calabar alumnus. In addition to serving on the JMMB Group Board, he is Chairman of the JMMB Group Information Systems Board Committee.

Profiles of Directors



**H. WAYNE
POWELL
DIRECTOR**

Wayne is a Business, Financial and Leadership Consultant who has amassed three decades of executive management experience at Scotiabank in Jamaica and the Caribbean. His over 45-year career has been a long and decorated one in which he has provided leadership at the executive level for corporate banking, retail banking, banking operations, sales and marketing, Insurance, Investments, customer experience and call centre operations. During his tenure at Scotiabank, Wayne served on numerous decision-making committees and his keen leadership skills have earned him the reputation of driving superior results in Jamaica and the English Caribbean.

In recognition of his stellar contribution to the Banking Sector, Wayne was conferred with the Order of Distinction (OD) by the Government of Jamaica in 2016.

In addition to his wealth of experience, he is the holder a Master of Business Administration from Barry University and an Associate of the Chartered Institute of Bankers, London (ACIB) acquired through the University of Technology. A proud alumnus of Manchester High School, he also boasts several other professional certifications and attended numerous seminars across the world to bolster his knowledge in a wide range of banking and financial topics.

Wayne is a member of the board of several local entities including: JMMB Group, JMMB Merchant Bank, and has served on the Bank's Credit and Culture and Human Development Committees. He is currently the Chairman of Jencare Skin Farm Ltd. and the Open Arms Drop-In-Centre as well as being a director of The Friends of the Homeless and the Jennifer Samuda Foundation. Wayne has also served on several Scotiabank subsidiary boards, is a Justice of Peace for Kingston, and a member of several charitable and community organisations.



**WAYNE
SUTHERLAND
DIRECTOR**

Wayne is the Managing Director of Jamaica Venture Fund Limited, a company that makes venture capital investments. He was appointed to the Board of JMMB Limited in 2003 and also serves as a Director of JMMB Bank (T&T) Limited and Intercommercial Trust and Merchant Bank Limited, as well as JMMB Investments (Trinidad and Tobago) Limited and its subsidiaries on the Audit, Nominations and Corporate Governance Board Committees. A former Director of Jamaica's Securities Commission (now the Financial Services Commission), he is currently Chairman of Kencasa Construction & Project Management Limited and the St. Hugh's Preparatory School Board. He sits on several other Boards including Mapco Printers Limited.

Mr. Sutherland holds a Bachelor of Science degree from UWI and an MBA from the Columbia University Graduate School of Business.



**AUDREY
WELDS
DIRECTOR**

Audrey has had a distinguished legal career encompassing both the private and public sectors. Admitted to the Jamaican Bar in 1983, Audrey's legal career began as an Associate at Rattray, Patterson, Rattray, Attorneys-at-law. She transitioned to the Bank of Jamaica and was seconded to the National Export-Import Bank of Jamaica as Assistant Director and later Director (Legal). She subsequently joined Mutual Security Bank, serving as Assistant Manager, Legal Department and Assistant Corporate Secretary, before becoming a Partner in the Commercial Law Department at the law firm, DunnCox.

Audrey holds a Bachelor of Laws (LL.B.) degree from UWI, Cave Hill, a Certificate of Legal Education from the Norman Manley Law School and a Master of Laws (LL.M.) degree from the University of London. An engaged member of the legal fraternity, she has participated as a member of various sub-committees of the Jamaican Bar Association and is presently an active member of sub-committees of the General Legal Council. In addition, she has served on the boards of various private sector entities and as a Commissioner of the Financial Services Commission of Jamaica. An academic with over a decade of experience in teaching at both the undergraduate and graduate levels, Audrey is currently a Course Director at the Norman Manley Law School.



**ANDREW
WHYTE
DIRECTOR**

Andrew was appointed to the parent Company Board in 2002 and to the Board of the new parent company, JMMB Group Limited, in 2015. He is a Board member of several subsidiary companies including JMMB Merchant Bank Limited (JMMB Bank) and Jamaica Money Market Brokers Limited. He chairs the Audit Committees of both the Group and JMMB Merchant Bank Limited and is a member of the Finance and Risk Committees. He is the Group Treasurer at Jamaica Producers Group (JPG) and chairs the Board of Trustees of the JPG Pension Plan. He also chairs the Board of Management of Emmanuel Christian Academy.

Andrew has a MBA in Finance and Economics and a BSc. in Chemical Engineering.

Top 10 Shareholders

As at March 31, 2017

		ORDINARY SHARES
		1,630,552,532
SHAREHOLDERS	SHAREHOLDINGS	%
NCB CAPITAL MARKETS (IN ESCROW)	428,777,325	26.296
TRUSTEES JMMB ESOP	158,170,762	9.700
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	6.345
NATIONAL INSURANCE FUND	79,672,997	4.886
CONCISE E.I. LTD	59,965,366	3.678
SJIML A/C 3119	53,583,000	3.286
JVF O.E. LTD	45,261,146	2.776
CONCISE O.N. LTD	42,530,103	2.608
JVF E.I. LTD	40,311,674	2.472
GRACELYN O.E. LTD.	37,775,196	2.317
	1,049,501,345	64.365

Shareholdings of Directors

As at MARCH 31, 2017

DIRECTORS	SHAREHOLDING- ORDINARY	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110	ESOP
	28,548	ALWYN SCOTT
	36,776,951	JVF O.N. LTD
	42,530,103	CONCISE O.N. LTD
Archibald Campbell	18,400	
	344,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	59,965,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
	846,745	ESOP
V. Andrew Whyte	NIL	
Wayne Sutherland	NIL	
	35,550,860	CONCISE R.I. LTD
Dennis Harris	364,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	NIL	
Audrey Welds	100,000	
Audrey Deer Williams	NIL	
Andrew Cocking	12,127,170	
Patricia Daley Smith	NIL	
	236,673,684	

Shareholdings of Leadership Team

As at MARCH 31, 2017

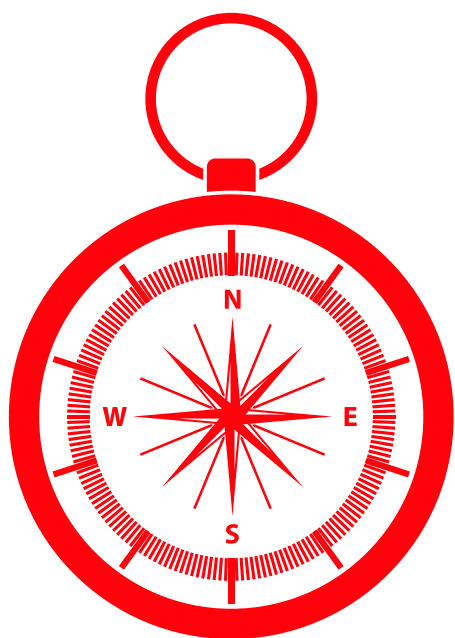
Leadership	Shareholding- Ordinary	Connected Parties
Donna Duncan-Scott	7,678,110	ESOP
	28,548	ALWYN SCOTT
	36,776,951	JVF O.N. LTD
	42,530,103	CONCISE O.N. LTD
Keith Duncan	20,591	
	846,745	ESOP
	59,965,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
Cecile Cooper	106,826	ESOP
Sheldon Powe	23,000	
	2,022,857	ESOP
Carolyn DaCosta	590,474	
	57,921	ESOP
	4,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Kisha Anderson	500,110	
	57,921	ESOP
	29,328	ELIZABETH THOMPSON
	10,000	REBEKAH HOILETT
	1,500	GAIL BARRETT
Paul Gray	658,587	
	699,043	ESOP
	603,362	TEVERLY GRAY
Julian Mair	181,790	ESOP
Patrick Ellis	966,872	ESOP
Janet Patrick	808,823	ESOP
	18,432	
Hugh Duncan	4,828	
Karl Townsend	908,951	ESOP
Damion Brown	2,400	
	267,456	ESOP
Kerry Ann Stimpson	780,032	ESOP
Jerome Smalling	908,951	ESOP
Keisha Forbes	759,787	ESOP
Christopher D. Walker	20,000	
	742,590	ESOP
Claudine Tracey	-	
Sharon Gibson	742,025	
Peta Gaye Bartley	-	
Sheron Gilzean	532,710	



Standing for...
realising dreams.



Regional Macroeconomic Landscape



WORLD ECONOMY

It is estimated that the world economy expanded by 3.1% in 2016 versus expectation of approximately 3.4%. Slower than envisaged growth in emerging market (EM) economies due in part to the rebalancing of growth in China and continued sluggish growth in Latin America were the main reasons for the lower than expected growth outturn. Changes in EM output accounted for around 70% of global growth even though they were affected by low commodity prices, subdued energy prices and slower than expected household spending. Households made use of higher disposable incomes which accrued from lower historical inflation to pay down debt.

In January 2017 the International Monetary Fund (IMF) raised the global growth forecast marginally to 3.4% in 2017 and 3.6% in 2018. The outlook is based on expected improvements in growth for United States, China, Europe, and Japan driven by cyclical recovery in investments, manufacturing and trade. This is likely to be supported by stronger growth in commodity-dependent EM economies due to higher prices occasioned by robust global demand and curtailment in oil output. Notwithstanding the positive outlook there are headwinds which, if they materialize, could derail growth. This includes uncertainties with respect to economic policies in the US under the Trump administration, faster pace of monetary tightening by the Federal Reserve, and geo-political turmoil in Southeast Asia and the Middle East.



Jamaica

OVERVIEW

The domestic economy is estimated to have expanded by 1.6% in calendar year 2016 and 1.7% in FY 2016/17. Favourable weather conditions, particularly in the second half of 2016, buoyed agricultural output. The sector grew by 13.5% during the review period, following exceptional growth during Q3 and Q4 of 2016. The overall growth momentum in the domestic economy was also supported by increased levels of output in Tourism and Construction, which grew by 2.1% and 0.4%, respectively. Buoyant job market conditions and higher household disposable income in the US, as well as, a strong US dollar, are some of the main factors that contributed to the positive growth outturn in Tourism. Expansion in output in the construction sector was buoyed by the continuation of work on the North-South Highway, residential construction, and non-residential construction, which included the build-out of office space facilities for Business Process and Outsourcing (BPO), as well as an increase in the number of hotel rooms.

Elevated confidence in the Government of Jamaica's (GOJ) economic programme and strong investment flows are key drivers of the growth forecast in 2017. It is envisaged that the domestic economy will expand by 2%, led by higher outturn in Agriculture (3%), Mining and Quarrying (20%), Tourism (2.5%) and Construction (2.5%). Barring weather related shocks, it is expected that higher output at Agro-Parks will buoy agriculture output. Resumption of work at the Nain bauxite plant in the second half of 2017 (H2:17), is expected to drive activities in Mining and Quarrying while positive job market conditions and economic growth in the USA, in addition to a strong dollar, are likely to continue to influence demand for leisure activities, and by extension tourism in Jamaica.

BUDGET: FY 2017/18

In February, the Government of Jamaica (GOJ) tabled the Estimates of Expenditure, which shows overall spending of \$715.6 billion. The figures reflect an increase of \$128.5 billion (21.9%) relative to revised expected spending of \$587.1 billion in FY 2016/17. Above the line expenditure is programmed to increase by \$35.8 billion while below the line spending (amortisation) is expected to rise by \$92.7 billion (116.1%). The greater portion of this sum is due to domestic debt maturity that was staggered under the National Debt Exchange Programme.

A primary balance surplus of \$121.1 billion (6.5% of GDP) is envisaged, in keeping with the mandate of the precautionary Standby Agreement, to help reduce the debt/GDP ratio to 96%, by the end of March 2020. To finance the budget, the GOJ is expecting revenue and grants of \$526.3 billion, proceeds from divestments of \$11.8 billion, and loans amounting to \$159.6 billion.

One positive highlight to the budget is that capital expenditure has been increased by \$7.7 billion (17.3%) to \$52.5 billion. This is in keeping with the government's commitment to engender higher sustained real GDP growth, which is helping to reinforce the much touted 'four in five' plan, which is to attain 4% real GDP growth in five years (now four years, based on the passage of time).

TAXATION

In keeping with the promise to expand the income tax threshold from \$557,232 to \$1.5 million and reduce personal income tax, the GOJ has, since FY 2016/17, initiated additional consumption tax based revenue measures to facilitate the transition and recoup tax expenditure amounting to around \$26 billion per annum, due to the increase expected.

The shift towards consumption based taxes represents a game changer in fiscal operations. It has the potential to improve tax buoyancy and efficiency and stimulate private sector led growth. However, piece-meal tax reform, which discriminates against certain groups of workers or industries, runs counter to the central tenets of a good tax system. While the government has taken steps to address inefficiency in tax collections, it has failed to address one of the primary problems with fiscal operations, and that is the bloated public sector. Higher taxation could be the Achilles heel for the five-in-four growth agenda if the fiscal gap observed over the medium-term is filled via this means.

Table 1: Fiscal Outturn and Budget

(J\$ Mn) Line Items	Outturn 2016/17	Budget 2017/18
Total Revenue	499,879.9	526,345.4
Tax Revenue	458,323.4	478,930.6
Non-Tax	33,754.1	40,703.6
Capital Revenue	1,940.9	2,228.1
Bauxite Levy	5,292.8	131.0
Grants	568.6	4,352.1
Expenditure	503,356.0	543,256.2
Recurrent Expenditure	461,400.7	493,973.7
Programmes	142,976.4	162,736.2
Wages & Salaries	166,484.7	179,525.8
Pension Contribution	12,583.4	13,858.8
Interest	139,356.2	137,852.9
Domestic	63,544.0	62,903.4
External	75,812.2	74,949.5
Capital Expenditure	41,955.3	49,282.5
Amortisation	75,389.7	172,548.1
Domestic	29,709.8	102,448.2
External	45,679.9	70,099.9
Total Spending	575,269.6	698,893.5
Primary Balance	135,880.1	120,942.1
% of GDP	7.73%	6.4%
Deficit	3,476.1	16,910.8
% of GDP	0.2%	0.9%
Nominal GDP	1,757,500.0	1,883,800.0
Wages and Salaries/GDP	9.5%	9.5%

Source: The Ministry of Finance & Planning, JMMBIR

Minister of Finance and the Public Service, Audley Shaw, opened the budget debate for the new fiscal administrative year on March 10, 2017, and announced revenue measures amounting to approximately \$29 billion (1.7% of GDP) to help finance budgeted expenditure of \$715.6 billion. Based on the measures announced, \$19 billion represents new taxes on corporates and individuals of which \$3.9 billion will go to the municipal councils from an increase in property taxes. The remaining portion of \$11.4 billion, will be drawn from the National Housing Trust (NHT).

Tax avoidance and evasion negatively impact GOJ finances and therefore bring into sharp focus the need for tax reform to improve tax collection as well as to engender higher real growth in the domestic economy, which will improve tax buoyancy. The shift towards consumption based taxes is supported. Thus the new tax measures are viewed as positive on the basis that they are revenue neutral.

The changes being effected in the tax system will have winners and losers. Undoubtedly the tax measures announced will have some adverse consequences, particular for those persons who earn way below the income tax threshold. It is, however, satisfying to note that the GOJ is trying to mitigate the impact through expenditure measures. Towards this end \$11.5 billion has been allocated to the PATH programme which is \$3.7 billion (47.2%) more than the amount allotted in the last fiscal year.

Notwithstanding the support for the GOJ's recent tax policy, the distortionary impact of previous tax measures cannot be ignored and need to be addressed. These include higher taxation for workers earning above \$6 million, the asset tax and the skewed corporate taxation imposed on the financial sector. It is noted that in the medium-term fiscal framework presented, there is a funding gap of around \$55 billion (4.7% of GDP). This is concerning, as it begs the question whether the government is prepared to impose new taxes to achieve the debt target. There is no further room in the economy for additional taxes and non-compensatory tax increase, if pursued, could be the Achilles heel for the five-in-four growth agenda.

INFLATION

Following the precipitous decline in oil prices in mid-2014, the inflation rate in net oil importing countries plummeted to record low levels throughout 2016 into Q1 of 2017. Accordingly, the 12 month inflation rate for Jamaica fell from 8.3% at the end of March 2014, to 4.1% at the end of March 2017. Of note, the 12 month average inflation rate trended down from 9.4% in FY 2014/15 to 3.4% in FY 2016/17. The decline in inflation was aided in part by reductions in international commodity prices, including oil as noted previously, as well as favourable weather conditions, in particular in the second half of calendar year 2016. This helped to buoy domestic agriculture production, which increased significantly, resulting in deep cuts in domestic food prices. Locally produced foods make up a large share in the division 'Food and Non-Alcoholic Beverages,' which accounts for the lion share of goods in the basket used to calculate the Consumer Price Index (CPI).

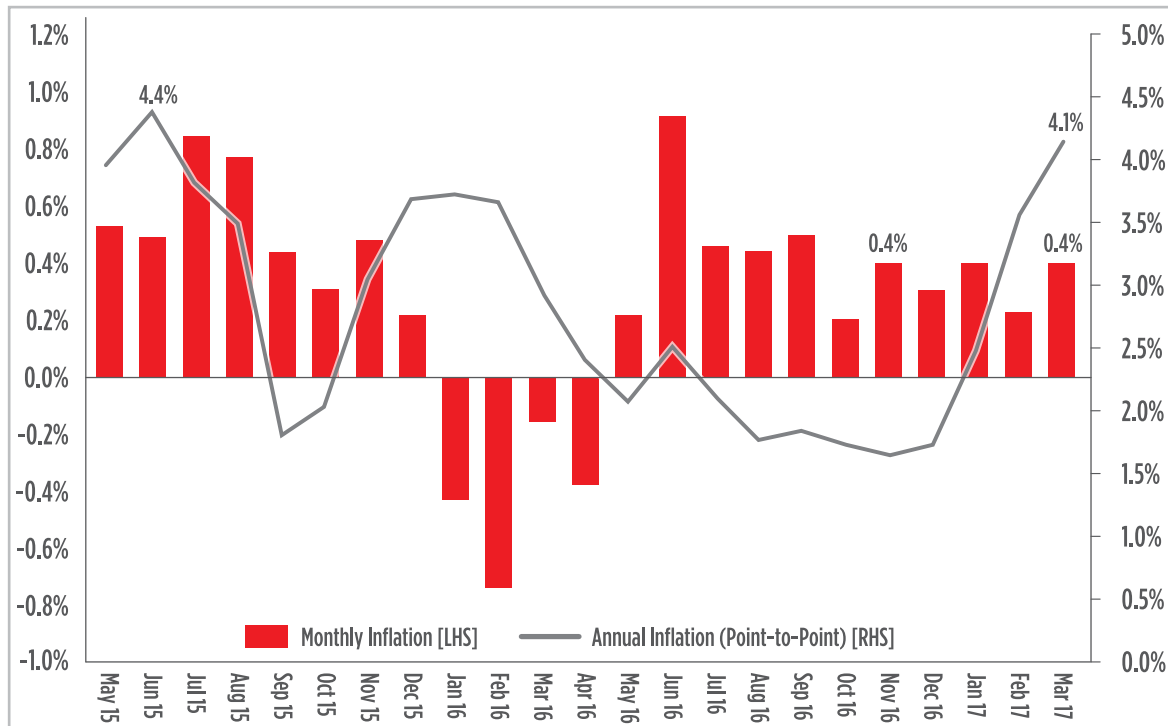
Upward domestic price adjustments are expected in the region of 4%-6% in FY 2017/18. The rise in prices is likely to be influenced by the pass-through effect of higher commodity prices, additional fuel taxes and depreciation of the domestic currency. International commodity prices, with the exception of oil, have strengthened since the start of 2017 and are expected to adjust upward incrementally over the medium-term. Low to moderate increases in oil prices are envisaged, as buoyant production in North America, which has helped to stymie sharp upward adjustments in prices under normal geo-political scenarios in recent times, is likely to continue to influence market conditions.

EXCHANGE RATE

At the end of March, the Jamaica dollar traded at an exchange rate of \$121.67 relative to the US dollar. This represents a 0.44% decrease in the value of the local currency for the month, which ended four straight months of appreciation (November – February).

The policy actions of the Bank of Jamaica (BOJ) were the main influential variables that drove the

Figure 1: Inflation



Source: STATIN and JMMBIR

currency market in Q4:16 through to Q1:17. In late 2016 the Central Bank served notice that it will be taking actions to reduce pressures in the foreign currency market. Towards this end, a number of initiatives were launched by the Bank including i) minimizing J-dollar liquidity support to financial institutions, thereby forcing those which are long US dollars and in need of J-dollar liquidity, to unwind their position; ii) the BOJ, unlike the recent past, is no longer guaranteeing a floor for the price of the J-dollar and in the process, is forcing institutions to find counter parties that are willing to purchase currency when they desire to sell US dollars; and iii) the foreign currency cash reserve and liquid asset ratios for banks were increased by two percentage points to 14% and 28% respectively. These initiatives resulted in liquidity tightening at the lower end of the J-dollar yield curve and the strengthening in the J-dollar from November 2017 to February 2017 by 0.8%.

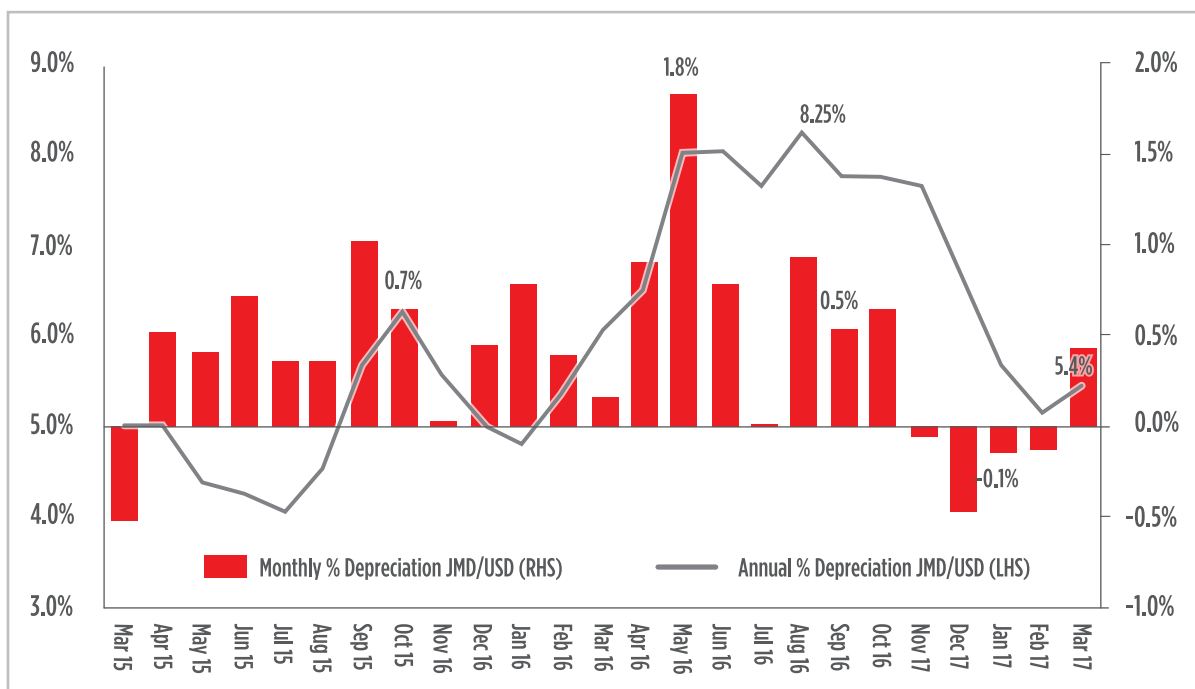
Consequently, the 12 month depreciation rate fell to 5.4% at the end of March 2017, compared to 6.1% for the similar period in 2016. Consistent with expected developments in the balance of payment accounts and monetary and fiscal

policies, no major shift is expected in the depreciation path of the domestic currency in FY 2017/18. Risk factors that could impact the currency market are relatively balanced. Further policy actions by the BOJ could push the currency on a lower depreciation path, while increases in the current account deficit, due to erosion in terms of trade, could push the depreciation rate upwards.

INTEREST RATE

Despite overall positive domestic macroeconomic sentiments during the second half of the fiscal year, measures implemented by the BOJ to tighten J-dollar liquidity resulted in upward adjustments in yields on the J-dollar yield curve. In March 2017 yields on the three month and six month Treasury bills (T-bills) increased by 38 and 49 basis points (bps), respectively, relative to the outturns for the similar period in 2016. This marks a reversal in the trend observed over the previous three fiscal cycles where yields declined. Compared to March 2015, three month and six month T-bills yield in March 2016 were 98 bps and 117 bps lower, respectively.

Figure 2: JMD/USD Exchange Rate Movement



Source: BOJ and JMMBIR

Upward adjustments in T-bill yields may be indicative of a pivot in the J-dollar yield curve. There are two developments that are likely to impact the domestic yield curve going forward: i) continued normalization of monetary policy in the US (higher policy rates) and ii) the GOJ resumption of borrowing in the domestic capital market in FY 2017/18. The Federal Reserve increased the policy rate by 25 bps in Q4:16 and is likely to adjust rates upward by a further 75 bps in 2017, while the GOJ, as per Fiscal Policy Paper 2017/18, is programming to borrow \$90 billion in the domestic markets. Consequent on these developments, upwards adjustments are anticipated in the Central Bank policy rates, and by extension domestic interest rates. Notwithstanding, interest rates are likely to remain relatively low and capped by the need to simultaneously foster economic growth.

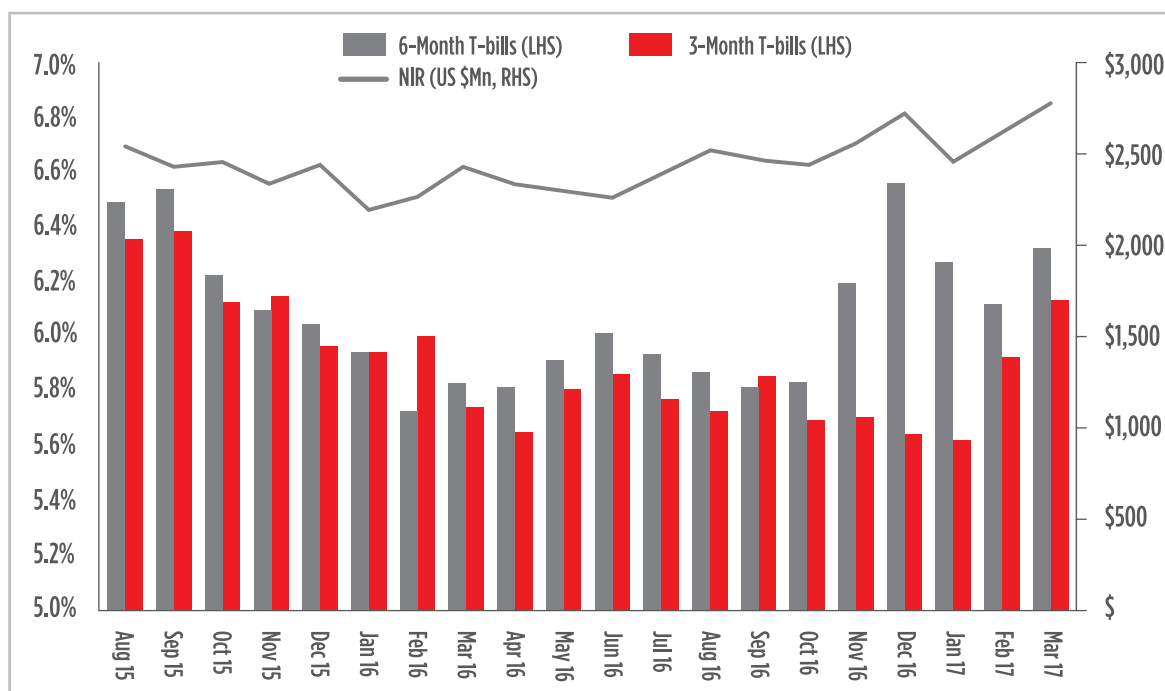
Against expectations, the Central Bank reduced interest rate on the 30-day CD in April 2017 by 25 bps to 4.75%. The Governor opined that this is in keeping with inflation expectations being at the lower end of the Bank's forecast range of 4.5% - 6.5%. Other factors which supported the reduction, according to the BOJ, was a sustained low

current account balance, adequate reserve levels, increased private sector credit and relatively low interest rates. As noted before, developments in the international economy, particularly rate hikes by the US Fed, are likely to influence the BOJ's action in regards to policy rate adjustments going forward. The maintenance of interest rate spreads given the risk-return balance, is important to note here.

OUTLOOK

Broad macroeconomic fundamentals are expected to remain relatively stable throughout FY 2017/18. Inflation is likely to increase but, should remain subdued in line with activities in the energy markets and developments in the money and capital markets. It is envisaged that domestic T-bill yields will increase, in keeping with the actions of the Central Bank. Consistent with the Central Bank's policy stance and developments in the external accounts, we anticipate volatility to remain subdued in the foreign exchange market over multiple quarters. This is reinforced by continued high level of confidence in the GOJ's economic programme and prudent action by the fiscal and monetary authorities.

Figure 3: Treasury bill Yields and Net International Reserves



Source: BOJ and JMMBIR

A stable but challenging fiscal path is envisaged in FY 2017/18, as the GOJ seeks to maintain a steady macroeconomic framework in order to achieve its growth target. There are, however, concerns with respect to the funding needs of the government over the medium-term, in order to achieve the debt-to-GDP target; as currently the GOJ fiscal accounts are showing a funding gap of around 5% of GDP. The most likely methods to fill the gap are additional taxation measures or loan financing, both of which could have adverse outcomes. Higher taxation is likely to push the economy on to lower growth path while increased loan financing could result in the country missing the debt target at the end of FY 2019/20. Higher real economic growth is the preferred means of generating more fiscal resources to fill the gap. However, the probability is weighted against this given the structural impediments in the economy. The already high growth rate programmed in the medium-term framework (2.4%), could be an issue, given that it is almost four times higher than the long run average growth rate of 0.7% per year, over the last 30 years.

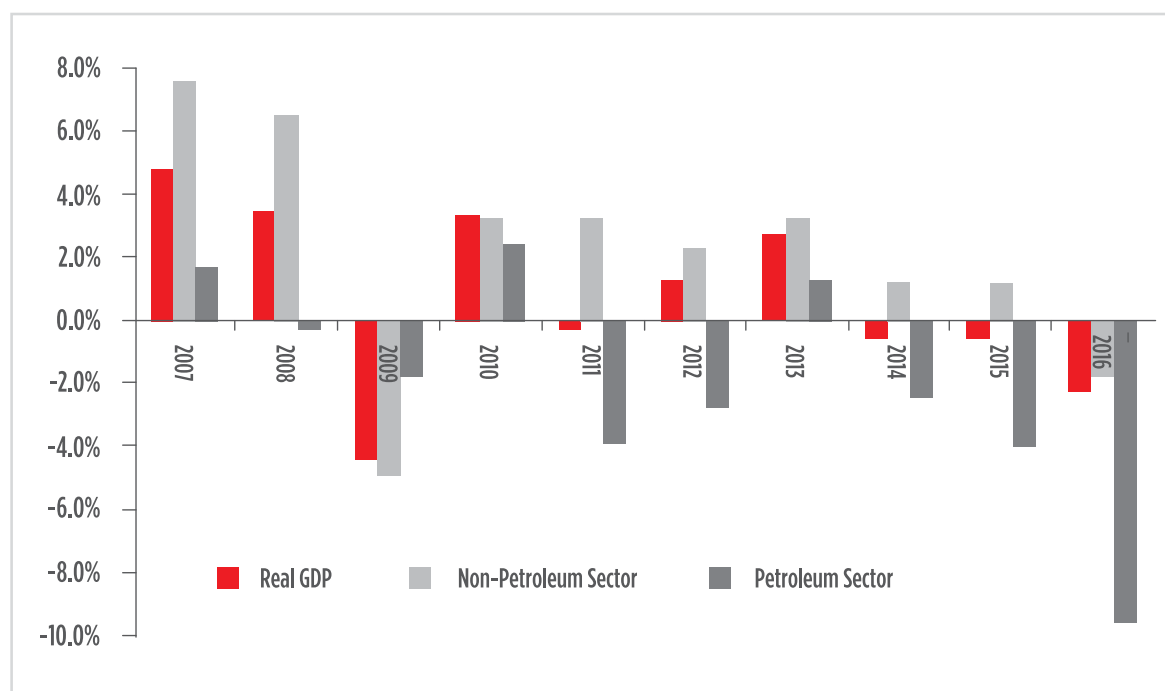


Trinidad and Tobago

Real gross domestic product (GDP) is estimated to have contracted by 2.3% in 2016 due to a reduction in output in the Petroleum and Non-petroleum industries of 9.6% and 1.4%, respectively. This marks the third consecutive year of decline in output. The fallout in output in the Petroleum industry was occasioned, in part, by relatively low hydrocarbon prices and downtime at oil facilities, resulting from maintenance work and upgrades. During 2016, the average prices for crude oil and natural gas were 11.4% and 4% lower, respectively, than in 2015. Contraction in the Petroleum industry has had a negative spill-over effect on the wider economy and is in part the reason for the fall-off in output in the Construction and Manufacturing sectors, which recorded declines of 7.4% and 5.7%, respectively, in 2016.

Government revenues have been negatively affected by economic contraction, particularly in the Petroleum sector where flows to government coffers fell from a high of 58% of total tax revenues in fiscal year 2010/11, to 15% in FY 2015/16. Despite fiscal consolidation measures over the last two years, the fiscal deficit was estimated at 5% of GDP in 2016. The relatively high fiscal deficit, coupled with contraction in economic growth and depreciation of the domestic currency, resulted in debt/GDP increasing from 23.8% of GDP in 2008 to 58.6% of GDP in 2016.

Figure 4: Economic Growth



Source: CBTT and JMMBIR

Table 2: Selected Macroeconomic Data

Indicator Name	2012	2013	2014	2015	2016	2017	2018
GDP per capita, USD	19,292	19,820	19,498	17,389	16,858	18,102	16,225
Real GDP growth, % y-o-y	1.3	2.7	-0.6	-0.6	-2.3	1.3	2.3
Population, mn	1.3	1.3	1.4	1.4	1.4	1.4	1.4
Consumer price inflation, % y-o-y, eop	7.2	5.6	8.5	1.5	3.1	5.6	4.8
Unemployment, % of labour force, eop	4.7	3.8	3.3	3.5	4.5	4.2	4.2
Central Bank policy rate, % eop	2.75	2.75	3.00	4.75	4.75	5.50	5.00
Total revenue, % of GDP	29.8	31.0	34.8	38.1	29.3	26.6	25.4
Fiscal balance, % of GDP	-1.3	-2.9	-2.6	-1.8	-5.0	-3.6	-3.2
Primary balance % of GDP	0.4	-1.2	-0.8	0.5	-2.8	-1.8	-1.6
Total government debt, % of GDP	41.4	41.0	41.7	49.5	58.6	60.4	62.1
TTD/USD, eop	6.44	6.46	6.38	6.43	6.78	7.13	9.00
Current account balance, % of GDP	12.5	19.8	14.8	4.0	-8.1	-5.9	-3.6
Foreign reserves ex gold, USDbn	9.4	10.2	11.5	9.9	9.5	8.5	8.7
Import cover, months	11.4	12.2	16.1	13.9	14.3	12.2	11.8

Source: BMI, IMF, and JMMBIR

RATINGS ACTION

Following ratings downgrades by Standard and Poor's (S&P) and Moody's in 2016, Trinidad and Tobago's sovereign credit ratings was again downgraded by both agencies in April 2016. S&P lowered the credit from A- to BBB+ while Moody's assigned the credit a Ba1 rating, down from Baa3 (Both agencies assigned a stable outlook to the sovereign.). The downgrade by S&P reflected deterioration in the fiscal accounts – high deficit and growing debt and negative real economic growth. The ratings agency highlighted concerns regarding the deterioration in current account, which shifted from a large surplus leading up to 2008/09 to a deficit of 10.3% of GDP in 2016. However, S&P highlighted that there was adequate external buffer in the form of the NIR at US\$9.6 billion (eleven weeks of imports) and the Heritage Stabilisation Fund at US\$5.5 billion (21% of GDP) to support external payments, if the need should arise.

Notwithstanding the downgrade, S&P viewed the outlook over the medium-term as stable. The stable outlook reflects moderate GDP growth over the medium-term and stabilisation of the fiscal and debt metrics. The ratings agency advised that positive credit action is likely over the next two years, if real economic growth and fiscal consolidation efforts result in improvements in the leading macro-fiscal metrics, while a downgrade is possible if these metrics deteriorate further.

Moody's in a nutshell expressed similar sentiments as S&P with respect to the cause of the negative ratings action, that is, deterioration in the sovereign's fiscal and external accounts and rising debt levels. However, whereas S&P ratings action places the sovereign's credit at the lower end of the investment grade, Moody's pushes it below the investment grade category.

EXCHANGE RATE

At the end of March 2017 the 12 month depreciation rate trended down to 2.7% from 5.4% as at the end of December 2016. The decline in the exchange rate in Q1:17 masks the depreciatory pressures that exist in the currency market, as many financial institutions have large

unfilled orders for US dollars on their books. A parallel market exists for the trade in the US dollar, which is being traded anywhere from 8%-15% higher than the official exchange rate.

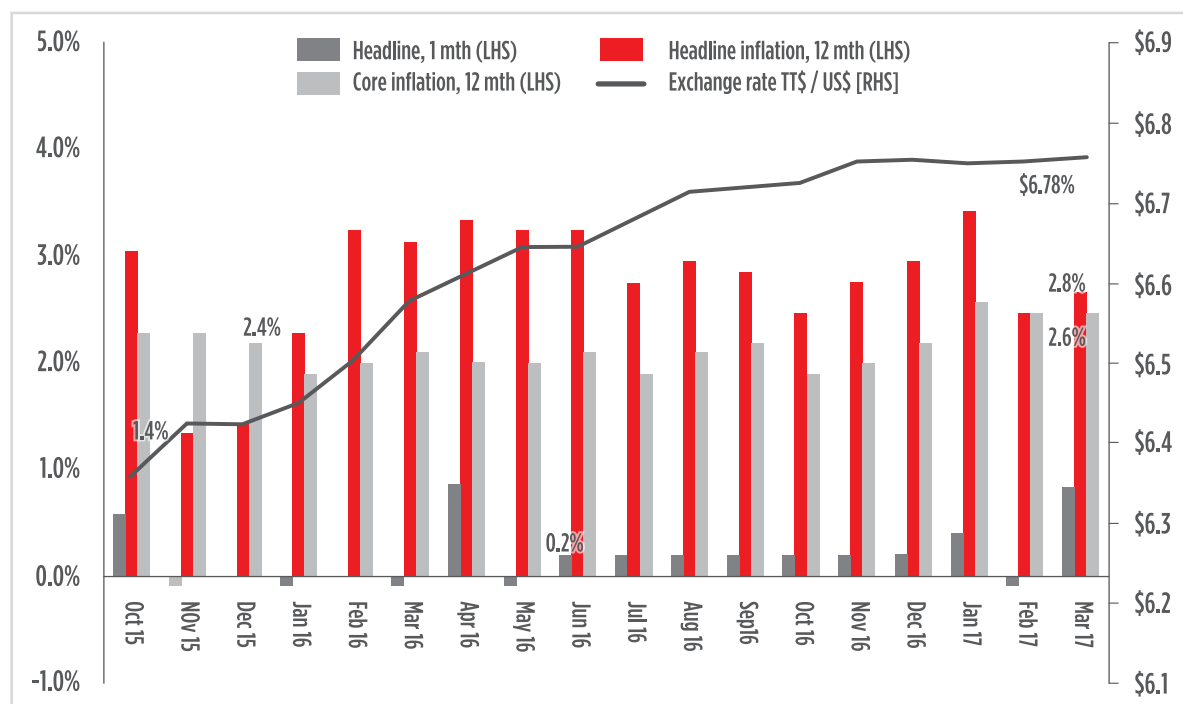
The authorities are of the opinion that acceleration in inflation will erode any trade gains due to depreciation of the domestic currency. The view is that higher inflation will force workers to demand greater increases in salary, thereby, pushing production cost higher and driving cost-push inflation in the process. Given the forecast of an increase in the current account deficit and moderate improvement in hydrocarbon prices, it is hard to conceive a scenario in which the currency will remain stable, without negative movement in reserves.

The overarching impact of developments in the balance of payments accounts and the foreign currency market will likely force the Central Bank of Trinidad and Tobago (CBTT) to relent and allow gradual depreciation of the domestic currency towards convergence with the parallel market. The productive sector is being squeezed for much needed hard currency, and is having problems making timely payments to suppliers. If this is allowed to continue, it will weigh down on real economic growth and negatively affect employment. The prospect of such a scenario reinforces the view that the authorities may have to bend to market forces and allow the TT-dollar to depreciate gradually over the medium-term.

INTEREST RATE

The Central Bank of Trinidad and Tobago (CBTT) held the repo rate at 4.75% throughout 2016, despite pressures in the foreign exchange market. The decision was geared in part to help to stimulate activities in the Non-petroleum sector. However, with continued pressure in the foreign exchange market and normalisation of US monetary policy, the CBTT will find it extremely difficult to hold rates steady under these scenarios. Consensus forecast is pointing to the US Federal Reserve increasing lending rates by at least 50 basis points in 2017. As such, the CBTT is likely to adjust the repo rate upward to preserve the interest rate differential between TT-dollar and US-dollar assets, to stymie capital

Figure 6: Inflation and Exchange Rate



Source: CBTT and JMMBIR

outflows. This outlook is further strengthened by upward adjustment in core inflation, which is trending towards the 3% mark. If left unchecked, it could move even higher, thereby, driving headline inflation to higher than normal levels in the process.

INFLATION

In March the 12 month inflation rate declined marginally to 2.8%, compared to 3.3% and 3.1% at the end of March and end of December 2016, respectively. The less volatile core inflation trended up to 2.7% during the review period having meandered around the 2% mark over the last 24 months or more. The decline in headline inflation was attributable to low commodity prices and economic stagnation.

The sovereign's inflation trajectory, like the rest of the Caribbean, is expected to rise but should remain within the historic norm of around 5%-6%. Price increases are likely to be driven by higher commodity prices and the pass-through effect of depreciation of the currency on domestic

prices. Given the twin forces of inflationary and depreciatory pressures, the CBTT will likely adjust the repo rate upwards to at least maintain differentials between US-dollar and TT-dollar denominated assets, given expected upward rate adjustments in the US.

OUTLOOK

The macro-fiscal outlook for Trinidad and Tobago is likely to remain relatively stable through to 2018. This view reflects improvement in real GDP due to an expected positive shift in hydrocarbon output and stronger prices relative to 2016. Full scale resumption of work at plants, that were shut down for maintenance overhaul and new production facilities at the Juniper Oil Field, that are due to come on stream, are the main factors informing this outlook. Fiscal consolidation efforts are expected to continue which should help to cauterize the deficit. This coupled with improved economic growth and low depreciation of the domestic currency are expected to lead to stabilisation in the debt to GDP ratio.

The sovereign has been facing economic challenges, culminating with the fallout in hydrocarbon prices and declining output from maturing oil fields. In addition to that subdued economic growth in some Caribbean territories, particularly Barbados, has led to low export growth in Non-petroleum output. Notwithstanding, there is a ray of optimism that real economic growth will increase to around 2% per annum over the medium-term, while unemployment is expected to rise marginally over the similar period.

A major structural shift is required to make the economy more shock resilient and less dependent on hydrocarbons. However, this requires policy initiatives, some of which could result in fallout in political capital, such as rationalisation of the public sector to facilitate efficiency and reduce the fiscal deficit at a faster pace. On the revenue side, overhaul is required in tax policy and administration to improve revenue efficiency. These initiatives require consensus among stakeholders, including the political directorate, labour unions and the private sector. Given the cumbersome nature of such tri-partite discussions, an agreement is not expected to be reached any time soon, and should it be reached, it would take even more time before the economy starts to see green shoots from these initiatives.

Based on where the sovereign's economy is positioned, the risk is fairly balanced regarding directional shifts in credit ratings. A one-notch credit downgrade from S&P would have negative repercussions for the sovereign's global bond yields and spreads as well as refinancing cost, as the credit would be categorised as junk by two ratings agencies. This reinforces the need for further fiscal consolidation and output diversification. Of note, while some of these policy actions are painful, they are necessary tools to put the economy on a more sustainable macro-fiscal path, and therefore should be given prominence by the government.

Dominican Republic



During 2016, the Dominican Republic benefitted from continued robust growth in GDP and household incomes in the USA, the sovereign's main trading partner, which resulted in increased tourism and remittance flows. Real output is estimated to have expanded 6.6% led by increases in Tourism, Construction, Mining & Quarrying, Manufacturing and Financial Services. Data from the central bank - Banco Central de la República Dominicana (BCRD) – indicated total passenger throughput at the airports of approximately 6 million which was 360,000 (6.4%) higher than the comparable period in 2015.

Over the last decade, improvements in tourism and related activities have propelled growth in construction in hotels, attractions and infrastructure. Despite maturing production at the Pueblo Viejo goldmine, the sector benefitted from improved prices relative to 2015, which contributed markedly to the expansion in output from the sector. Manufacturing grew at a slow pace in 2016, despite strong linkages between the sector and the US economy which remained robust throughout 2016. The overall positive economic momentum and enabling environment led to expansion in credit, in the financial system, to businesses and individuals. Consequently, credit expanded by over 12% relative to 2015 and pushed return on equity (ROE) in the banking sector to over 15%.

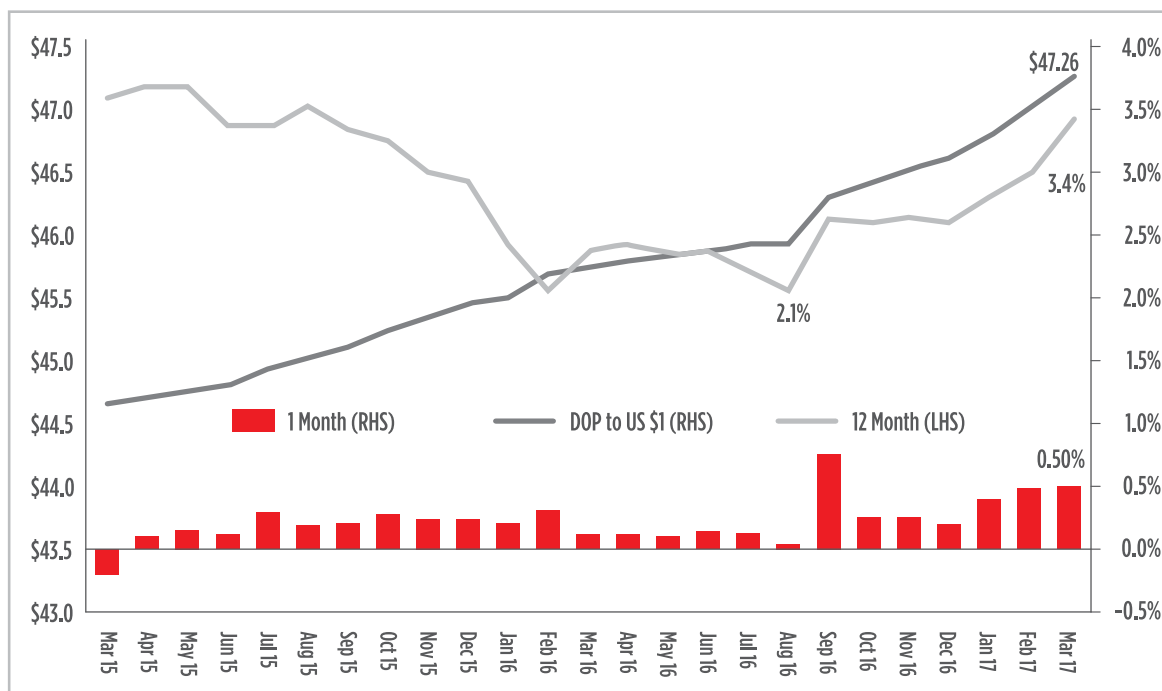
Consistent with improvements in the macroeconomic environment, unemployment fell to 5.4%. This coupled with robust remittance flows facilitated growth in household disposable income and drove domestic consumption. The impact on inflation was, however, muted due to relatively low commodity prices and controlled depreciation of the domestic currency.

Following expansion in spending in the first half of the year, curtailment in expenditure in the second half resulted in the fiscal deficit coming in at around 2.5% of GDP. Strong flows from tourism and mining led to improvements in the current account, while positive overall developments in the balance of payments account, supported by increased remittance and foreign direct investment (FDI) flows, resulted in reserves growing by over 35% to US\$5.4 billion.

EXCHANGE RATE

The depreciation rate of the DR peso (DOP), relative to the US dollar, increased to 3.4% in March 2017, having stayed at, or hovered around, the 2.6% mark for much of 2016. Despite the rise, the depreciation trajectory of the peso is expected to remain relatively low in 2017. This view is underpinned by the positive outlook on the current and fiscal accounts, as well as the policy stance that the BCRD is likely to adopt, to support the inflation target. The (DOP) depreciated by 2.6% in 2016, against the background of built-up pressures throughout the year. To the extent that macro-fiscal fundamentals remain unchanged or show positive deviation, pent up demand for the currency is likely to abate. This is expected to be reinforced by positive developments on the inflows side, supported by higher currency intake from tourism and remittances, conditioned on continued favourable job market developments and economic growth in the USA. The favourable investor-friendly economic climate is likely to lead to increased FDI flows in 2017, particularly in the Tourism sector.

Figure 7: Exchange rate (DOP/US\$) and movement



Source: BCRD and JMMBIR

INTEREST RATE

As a pre-emptive move to match the expected action of the US Federal Reserve, the BCRD increased the repo rate in November 2016 by 50 basis points to 5.5%. The Fed subsequently increased rates by 25 basis points. In light of the Fed's posture of further rate hikes in 2017, the BCRD is highly likely to act to preserve the interest rate differential between US-dollar and pesos denominated asset to minimise the risk of capital outflows.

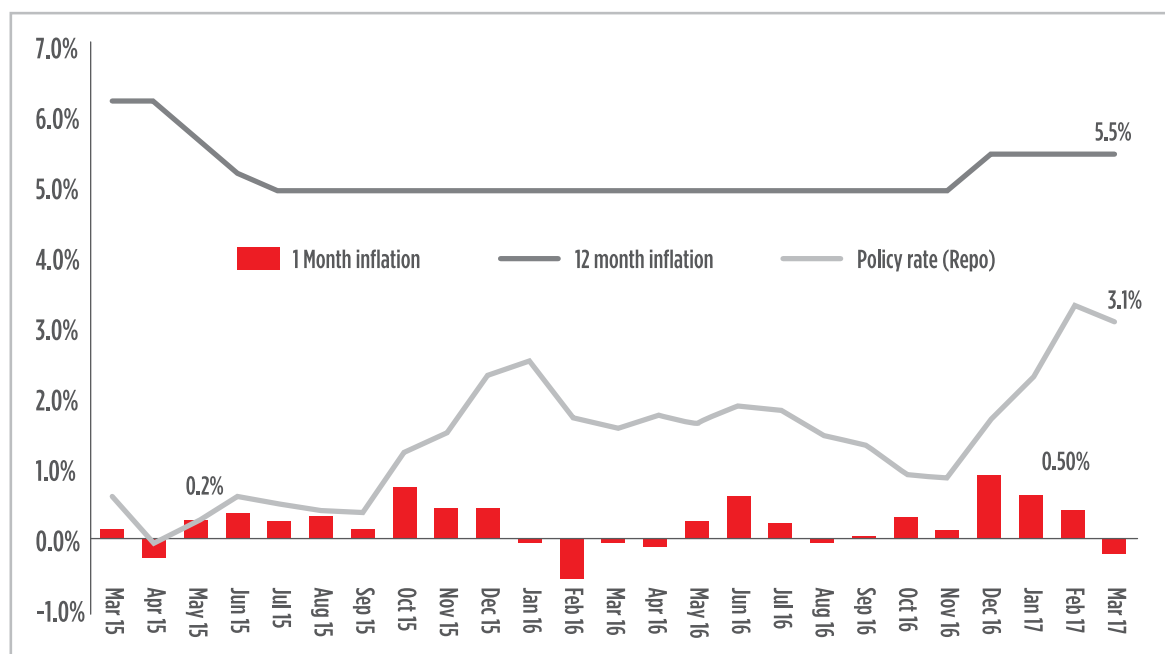
Consensus forecast is projecting the Federal Reserve to increase rates by at least 50 basis points in 2017. Given this scenario, the BCRD is likely to increase the repo rate by at least 50 basis points to 6%. The view regarding a tighter monetary policy stance by the BCRD is strengthened by the expected rise in inflation, developments in the currency market and strong real economic growth.

INFLATION

The 12 month inflation rate for March increased to 3.1% compared to 1.7% in December 2016. Price levels, in a number of commodity-dependent Latin American and Caribbean countries, fell to record low levels in 2016. The general theme is for higher inflation in the Caribbean region due to increases in oil and other commodity prices. The Dominican Republic, being a net oil importer will feel the impact of upward price adjustments, as this will undoubtedly pass-through to the general price level.

The BCRD is targeting inflation in the range of $4\% \pm 1\%$ in 2017 and is likely to take strong policy action to achieve this goal. Therefore, in the event of a sharp rise in inflation expectations, higher repo rate adjustments and supporting monetary policy measures, are expected from the BCRD to preserve the integrity of its inflation policy.

Figure 8: Inflation and Policy Rate



Source: BCRD and JMMBIR

OUTLOOK

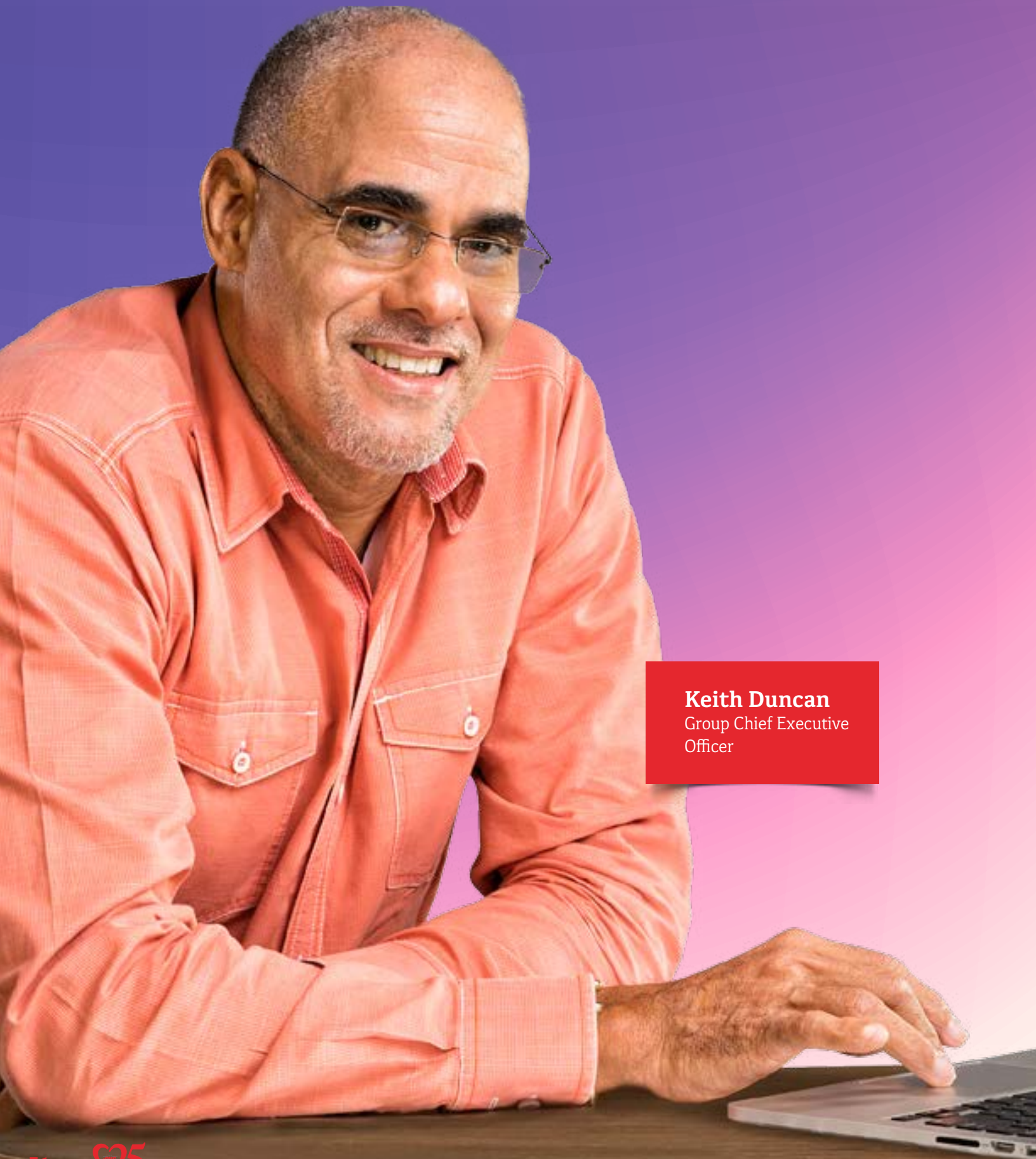
Continued strong growth in the USA is likely to have a positive spillover effect on the domestic economy, particularly in tourism, which is expected to show strong growth in 2017 through to the medium-term. Apart from tourism, expansion in construction and mining, as well as strong consumer demand are expected to drive economic activities. Risk factors to growth are balanced at this time, owing to the stable macro-fiscal path envisaged in the USA, despite the spectre of possible geopolitical turmoil that looms under Donald Trump's presidency.

The BCRD will tighten monetary policy to keep inflation within the targeted range and minimise capital flight risk. The policy choice of the Bank is made easier by the positive economic growth outlook over the medium-term, which is expected in part to be driven by increased consumption. Lending rates are likely to move in tandem with repo rates. As such, tighter money supply should help to stymie demand-pull inflation resulting from higher consumer spending. The risk of inflation moving higher than the targeted band is relatively low at this time, owing, in part, to the fiscal stance of the government and relatively balanced external risk factors.

Table 3: Selected macroeconomic indicators

	2012	2013	2014	2015	2016	2017	2018	2019
GDP per capita, USD	5,977	6,035	6,281	6,475	6,730	7,037	7,510	8,091
Real GDP, % change y-o-y	2.8	4.7	7.6	7.0	6.6	5.3	4.5	4.8
Population, mn	10.2	10.3	10.4	10.5	10.6	10.8	10.9	11.0
Unemployment, % of labour force, eop	6.4	7.0	6.4	5.9	5.5	5.7	6.0	6.1
Consumer price inflation, % y-o-y, eop	3.9	3.9	1.6	2.3	1.7	2.5	4.0	4.3
Central Bank policy rate, % eop	5.00	6.25	6.25	5.00	5.50	6.00	5.75	5.75
DOP/USD, eop	40.17	42.60	44.14	44.14	45.66	47.00	46.25	46.50
Current account balance, % of GDP	-6.5	-4.1	-3.3	-1.9	-1.8	-1.9	-2.4	-2.6
Foreign reserves ex gold, USDbn	3.6	4.7	4.9	5.0	5.4	6.5	6.6	6.8
Import cover, months	2.4	3.4	3.4	3.6	3.8	4.3	4.1	4.1
Total government debt, % of GDP	31.7	37.4	36.9	38.8	40.2	41.2	41.1	40.5
Total revenue, % of GDP	13.4	14.3	14.7	14.4	14.7	14.0	14.1	13.9
Fiscal balance, % of GDP	-5.4	-2.8	-2.6	-2.5	-2.5	-2.6	-2.5	-2.3
Primary balance % of GDP	-4.4	-1.0	-0.2	5.0	-2.5	-2.6	-2.5	-2.3

BCRD, IMF, JMMBIR



Keith Duncan
Group Chief Executive
Officer

Management Discussion and Analysis

I am pleased to highlight the results of JMMB Group Limited for the financial year 2016-2017, at a time when we celebrate our milestone 25th year of operations.

A 25-YEAR LONG EVOLUTION, ROOTED IN LOVE

This year's solid financial results and strategic achievements are a culmination of a 25 year-old vision to help Jamaicans achieve their life goals by making investing accessible to all.

NO ONE KNOWS THE MONEY MARKET LIKE WE DO. FULL STOP.

In 1992, JMMB's co-founder, Joan Duncan, dared to seek to disrupt the financial services sector, in two distinct ways. First, she envisioned the creation of a company that would give the average investor access to the money market, at a time when it was primarily the domain of financial institutions, and dared to dominate it boldly stating, 'No One Knows the Money Market Like We Do. Full Stop'. This pioneering move meant that more individuals would be able to earn greater returns on their investments empowering them to achieve their financial life goals sooner. The second, and perhaps more crucial, aspect of her vision was engrained in her belief that all human beings deserve love and respect and can manifest the greatness within them. She, as such, wanted to create a financial institution founded on the core value of love and see that same love motivating team members to always seek out the best Interest of their clients, stakeholders and each other. This 'Vision of Love' became the ethos of JMMB's culture and, in 1995, the team sat to set this vision to words; words which today are read as teams across the region begin meetings, make decisions and interact with clients, each other and stakeholders daily.

OUR PIONEERING SPIRIT

Today, 25 years later, Jamaica Money Market Brokers Ltd. has evolved into a financial group of companies, the JMMB Group, which has taken our core values and approach to financial partnership across the Caribbean. With this, JMMB has enjoyed and continues to enjoy an inimitable position in the hearts and minds of our clients, who have not encountered a similar kind of relationship with other financial institutions.

As we reflect on our growth as an organisation, we are reminded of some of our major achievements, a number of which were 'firsts' for the financial sector, as we know it. Buoyed

by our pioneering spirit of bringing value-added solutions that financially-empower our clients, the Group has been known for:

- Creating the “secondary market” for debt securities in Jamaica with our entry in 1992;
- Establishing the US\$ Money Market Fund in Jamaica in 1994;
- Spearheading in 2003 the first 100% electronic share offer on the Jamaica Stock Exchange (JSE) which fully dematerialized our stocks, allowing for easy trading and enhanced shareholder access; and
- Creating the first online transaction platform (JMMB Moneyline) in 2005, which gave investors the ability to initiate and track stock orders.

All of these innovative developments have redounded to our benefit in the region and are exhibited by the financial solutions and client experience we have been able to consistently deliver.

BUSINESS LINE EXPANSION AND REGIONAL DIVERSIFICATION

As a central part of our vision to bring products and services to our clients which enable them to achieve their life goals, we undertook to develop a leadership position in regional markets through the execution of our integrated financial services and regional diversification strategies. The Group, through these strategies, has leveraged several expansion opportunities in the region, including:

- The 2012 acquisition of the Capital & Credit Financial Group in Jamaica enabling the addition of banking, remittances and unit trust solutions to our existing investments and insurance brokering offerings.
- A 50% acquisition of shareholdings in Intercommercial Bank Limited (IBL) in 2004 and then later full ownership of the IBL Group in 2013. This first brought commercial banking services to the Group and was our initial step in building out banking services and offering clients an enhanced value proposition across the region. Since then we, in late 2012, opened

JMMB Investments (Trinidad and Tobago) Ltd. adding investment services to our group of companies in Trinidad and Tobago and rebranded IBL Bank to JMMB Bank (T&T) Ltd. in 2016.

- The opening of JMMB Puesto de Bolsa in October 2007 in the Dominican Republic as part of a strategic decision to develop the Money Market in one of the largest Spanish-speaking Caribbean islands and enable the sale of investment products to the wider market. Since then we have added other business lines including the Banco de Ahorro y Credito (JMMB Bank, S.A.) in 2015 as well as Pension services through AFP JMMB BDI, S.A (AFP) and Mutual Funds through JMMB Sociedad Administradora De Fondos De Inversion (SAFI), both in 2016.

REALISING STRONG RESULTS

The emphasis of our innovation, business line expansion and regional diversification has consistently been to:

- better serve our clients with more solutions aligned to their needs
- create value in the markets in which we operate,
- diversify our risk
- enhance our understanding of regional financial markets
- and add to the Group’s overall profitability.

During the Group’s successful 25 year journey we have, as would have been expected, encountered challenges along the way. We however, alongside our passionate and dedicated team members, have continued to maintain our sharp focus on delivering exceptional value to our clients and shareholders which in turn has helped us to consistently realise strong results.

In the year of our entry to the market, our single business line was money market services and now, in 2016, we proudly offer a complete suite of business lines to our clients inclusive of banking, funds and pension management, insurance brokering, and remittances. We have also moved from a client base of just under 150 in the first year of our operations to now proudly partnering with over 200,000 individual and business clients in the region. Our annual net profit grew from J\$186.3 million in 2000, to J\$1.55 billion at financial year end 2004 (the year of our public listing) and now

stands at J\$3.35 billion for financial year 2016/2017. Since coming to the market with our first initial public offering (IPO) in December, 2002, our earnings per stock unit (EPS) moved from J\$0.38 (financial year end February 2002) to J\$1.03 (financial year end March 2004). Consequently, our shareholders have seen strong returns, with EPS which currently stands at J\$2.03 and our stock's closing price on the JSE as at the end of financial year of J\$16.81.

MOVING FORWARD, TOGETHER

All of the phases in our evolution were birthed out of that original vision to ultimately build a regional financial services entity, equipped with all the solutions necessary to help individuals and businesses achieve their dreams. We are proud to see in our 25th year the manifestation of this vision, now legacy, that with and through love, individuals can achieve the dreams they have for themselves and can extend those dreams into an infinite, prosperous and abundant society.

In embarking on the next phase of our evolution, the entire JMMB team looks forward to continuing to realise the initial vision of our co-founder, Joan Duncan. We remain confident that the successes achieved over the course of our existence demonstrate that JMMB's unique approach to financial partnership will continue to allow our clients to achieve their life goals, and spell success for all our stakeholders.

OUR BUSINESS LINE EXPANSION AND REGIONAL DIVERSIFICATION JOURNEY



FINANCIAL YEAR 2016/2017 – OUR STRATEGIC FOCUS & ACHIEVEMENTS

Financial year 2016/17 saw the JMMB Group continuing our impressive record of financial performance, market leadership and significant advancements in our regional diversification strategy. As we continued to execute our efforts to maximize shareholder value through our Regional Integrated Financial Services Model (RIFSM), our focus for this year was sharpened against a backdrop of international, regional, and local political and economic change as well as an imperative to maximize the synergies and efficiencies across the countries and entities within the Group. Given this, we were deliberately focused on further embedding our RIFSM, increasing revenues and sales productivity, enhancing client experience and improving our operational efficiency. Using this clear strategic focus, we were able to successfully prioritise and execute on projects and initiatives, central to the delivery of real value for our shareholders, clients and team members.

Our achievements for the year in line with this focus include:

1. Embed Regional Integrated Services Model – Solidifying Regional Growth

This included a specific focus on nurturing and stabilizing our start-ups in the Dominican Republic (DR) and completing the transition to the JMMB brand in Trinidad and Tobago (TT).

In Trinidad and Tobago, we had several strategic achievements for our business lines including the rebrand of IBL Bank to JMMB Bank (T&T) Ltd., as well as, the launch of a second integrated location, our South Park branch. This was a significant milestone in JMMB's history in Trinidad and Tobago, as it solidified the JMMB Group brand in the local T&T financial services landscape and furthered our implementation of the integrated financial solutions service delivery model in particular, the seamless provision of banking and investment services.

Our investments business line in T&T, JMMB Investments Trinidad and Tobago Ltd. (JMMB ITT), saw the introduction of "JMMB Interactive" an online trading platform which gives direct access to trade execution and clearing services to institutional and professional traders. Through the partnership with an international brokerage firm, JMMB ITT is now able to offer a wide variety of electronically traded products including stocks, options, futures, forex, bonds, CFDs and funds worldwide as well as educational and research resources to empower clients in their investment decision making processes. We expect the platform to form a critical part of our operations in the DR and Jamaica and thus we will be leveraging it to bring more value to the clients of our investments business lines in these territories in the coming financial year.



In the DR, our focus was on developing the two start-ups which received regulatory approval for operations in financial year 2015/2016. Our Mutual Funds business line in the DR, JMMB Sociedad Administradora De Fondos De Inversion (SAFI), successfully launched their first Real Estate Investment Fund (REIT) product in July 2016. We are particularly proud of this product as it was the first USD REIT Fund in the DR and a central part of SAFI's execution of its diversified product offering strategy. We see the launch of this product and its subsequent tranches as a major win for our group of companies in the DR and, more importantly, tangible delivery of value to the people of the Dominican Republic. SAFI also introduced in February 2017, a 365 day fund product, Rentabilidad Dinámica, an open-ended investment fund offering gains and recurring income through diversified investment in public offering securities denominated in Dominican pesos and US dollars. The fund was launched to meet an unmet need in the DR market by offering a medium to long term fund alternative yielding higher returns and is the only one of its kind in the DR. It has seen credible growth thus far as the fund's Net Asset Value stood at approximately RD\$170 million at the end of the financial year.

For our pension business in the DR, AFP JMMB BDI S.A. (AFP), we focused on continuing the implementation of full operational infrastructure required by the local regulator, prior to the official launch of this business line. We are well underway in the completion of key operational elements including the implementation of a technology platform, and other administrative and sales processes, to support the seamless delivery of pension services. We expect AFP to be fully operational by the second quarter of the coming financial year, and anticipate that the team and solution offering will bring value to the people of the Dominican Republic.

2. Increase Revenue and Sales Productivity and Capacity – Streamlining Our Sales Delivery and Support Processes

Our initiatives, under this focus area were aimed at expanding our country and entity sales teams across the region as well as implementing streamlined processes and support teams to increase sales productivity and core revenue generation. To this end, we created a regional sales strategy team whose primary aim was to implement a coordinated approach to the development and execution of strategies. This was done with a view to advance the Group's progress under this strategic theme. The results of the team's efforts include the adoption of best practice sales strategies and tactics in Jamaica and T&T and a more coherent approach to the development of training programmes to enhance required competencies of our front line sales teams in all three territories.

The team has also significantly impacted the delivery of critical inputs to drive the execution of key projects, initiatives and imperatives aimed at improving the Group's sales productivity. One such project was the development of a Group-wide Leads Management Framework and System which launched in December 2016. SMEs in all three territories were trained in the new system throughout the year and we will continue training in the coming financial year for the wider front line sales teams in all three countries.

To support revenue, the team in Jamaica embarked on the build out of a Financial Solutions Advisor Unit, a mobile sales team, whose primary objectives were to acquire new clients and penetrate our existing client base by cross-selling to increase business lines per client and hence improve revenue per client. In the DR and T&T we sought to increase revenue by formalising and strengthening the referral processes between teams across companies, increasing the mobile sales teams' capacity and more intensely identifying and targeting existing and potential retail and institutional clients in our defined target segments. We have seen measured success in our execution of these and other country level initiatives.

3. Enhance Client Experience – Creating Easy, Enjoyable, Empowering Experiences in your Best Interest.

We promise to keep your best interest at heart. And we'll do so by listening to, understanding and caring for you and your family's unique needs –exceeding your greatest expectations by providing simple, transparent solutions oriented around you and your family's life goals.

JMMB has been client focused in organisational culture, service delivery and way of being. Since our inception, we have taken our promise to our clients seriously and have become increasingly focused and deliberate in our decision-making, prioritization and execution, always mindful of our commitment to deliver simple financial solutions and a multi-channel experience that is easy, empowering and enjoyable. In the last two financial years, we have accelerated our transition from being **client focused** with a heavy focus on customer service to being **client centric**. For the three countries comprising the Group, this transition has meant putting in place programs and committed resources to shift our teams to being client centric throughout our entire operational structure.

The 2016/2017 leg of our client centric transformation included focused work to establish new, and refine existing, processes and technology that support and deliver experiences in key client touch points and journeys. To this end, we leveraged investments made in the previous financial year in training and new approaches to process and technology development to drive the execution of key projects including:

- new product development in the DR for the SAFI business line;
- new technology platform implementation for our Investments business line in T&T;
- new Integrated location in South Park, T&T; and
- the JMMB Merchant Bank's transition to commercial banking in JA, inclusive of new deposit products, online and in-branch services and new integrated locations

These projects have created real value for our clients by delivering improved and meaningful experiences in our channels and at various points on their relationship journey with us.

During the year we also recognised the need to actively use Client Experience (CX) metrics to measure our progress towards client centricity and benchmark our performance against international standards. We therefore standardised our annual Client Satisfaction and Engagement instrument for use in all three territories of the Group and aligned internal CX key performance indicators for benchmarking against international standards. We are happy to report that for all quarters of this financial year, the Group outperformed our chosen international benchmarks for client Satisfaction and Loyalty. Additionally, we created and put in place Partnership Standards with the objectives of codifying standards for Client partnership for the Group and increasing the levels of our client intimacy. We believe the implementation of these standards will continue to improve our ability to achieve higher levels of client loyalty, satisfaction and engagement.

We remain committed to keenly monitoring and measuring our progress towards achieving client centricity and ensuring that we are operationally structured and equipped to deliver, to our clients our promise of financial partnership and an easy, enjoyable, empowering experience that is in their best interest.

4. Improve Operational Efficiency – Targeting Efficiencies and an Optimal Group Support Structure

With the expansion that the JMMB Group has undergone in the past five years in all three countries, it has become increasingly complex to support the operations and differentiated strategies of the fourteen (14) client facing companies comprising the Group. We, however, continue to pursue our

primary objective of becoming increasingly operationally efficient while delivering on the Group's differentiated client experience and value proposition. Financial year 2016/2017 thus saw us continuing the further operationalisation of our integrated financial services model, with special emphasis on execution change and transformation, as well as the harmonization of our Governance, Policies, Processes, Operations and Technology solutions across the Group. In doing so, we made structural changes to be better configured and resourced to support the more efficient delivery of our strategy including changes to our Project Management, Digital Services, Strategy Management, Marketing and Information Technology support departments. We also established a Center of Excellence for the Group's Core Banking platform to ensure that our banking business line is supported by a best in class, efficient and centralized skills-based competency centre.

We additionally rolled out a new business improvement process in specific entities across the Group and undertook to re-engineer key processes to yield efficiencies and support our differentiated client experience and value proposition including:

- Client Onboarding and Account Opening
- Loan Processing
- Online Banking Registration and Transaction Processing
- Automated Cheque Printing
- Insurance Renewal
- In-Branch Encashments (Cash)

We are confident that with these and other projects slated for the upcoming financial year, our imperative of operational efficiency will yield the tangible efficiencies expected of our regionally integrated financial services model, the primary impact being an improved efficiency ratio at both the Group and business line levels.

Our 2016/2017 strategic achievements demonstrate that the focused execution of our regional and business line diversification strategy continues to create value and yield positive results for our clients, shareholders, and team members. Through our strategic focus, we continued to bring clients best-in-class solutions and services and improved channel experiences. We remained committed to ensuring the JMMB Group is a "Great Place to Work" by investing in the training and development of our team members as well as tools and technology to improve their capacity and productivity. Given that growth of the Group's profitability this year is exceeding the rate of inflation in Jamaica and Trinidad and Tobago, we have managed to deliver to our shareholders real returns.



**Embed Regional
Integrated
Financial Services
Model**



**Increase Revenue
and Sales
Productivity and
Capacity**



**Enhance Client
Experience
(Keeping the Client
at the Centre)**



**Improve
Operational
Efficiency**

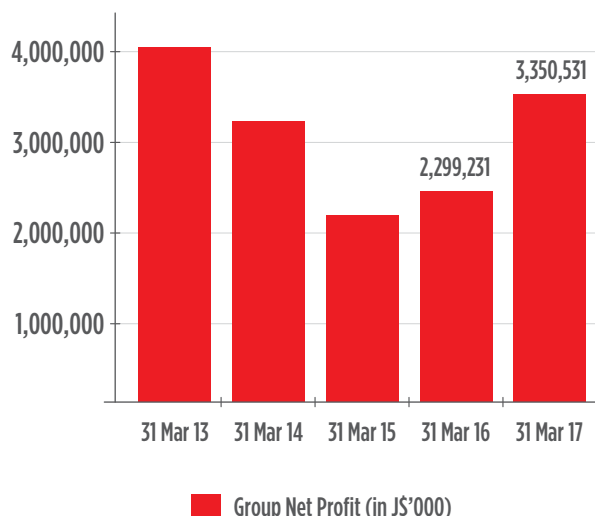
2016/2017 Strategic Focus & Achievements

Strategic Theme	Projects and Initiatives	Completed
Embed Regional Integrated Financial Services Model	Launch Commercial Banking in Jamaica <ul style="list-style-type: none"> Commercial Banking License Application Approved by the Bank of Jamaica 	<input checked="" type="checkbox"/>
	Rebrand to JMMB in Trinidad & Tobago <ul style="list-style-type: none"> IBL Bank Rebranded to JMMB Bank 	<input checked="" type="checkbox"/>
	Launch New Integrated Locations <ul style="list-style-type: none"> South Park Branch Trinidad & Tobago 	<input checked="" type="checkbox"/>
Increase Revenue and Sales Capacity and Productivity	Sales and Client Partnership <ul style="list-style-type: none"> Training executed across the Group Financial Solutions Advisor (mobile sales) Unit established in Jamaica, similar smaller scaled sales units piloted in DR and Trinidad. Leads Management System Launched 	<input checked="" type="checkbox"/>
Enhance Client Experience	Design Experiences Tailored to Meet Client Needs <ul style="list-style-type: none"> New and pioneering funds launched in the DR- REIT and a 365-day open-ended investment fund "JMMB Interactive" launched in T&T giving clients online access to investments to international securities 	<input checked="" type="checkbox"/>
	Improve Key Client Touch Points and Journeys <ul style="list-style-type: none"> JMMB Merchant Bank's new deposit products, online and in-Branch services and new integrated locations 	<input checked="" type="checkbox"/>
Improve Operational Efficiency	Streamlined and Efficient Processes <ul style="list-style-type: none"> Onboarding and Account Opening, Loan Processing, Automated Cheque Printing, Insurance Renewal processes improved Group-wide HRMIS system implemented in Jamaica and Trinidad and Tobago 	<input checked="" type="checkbox"/>
	Optimized Multichannel Delivery to Clients <ul style="list-style-type: none"> Online Banking Registration and Transaction Processing process improvement In-Branch Encashments (Cash) process improvement 	<input checked="" type="checkbox"/>
	Further Streamline Group Operating Structure <ul style="list-style-type: none"> Changes made to our Project Management, Digital Services, Strategy Management, Marketing and Information Technology support departments 	<input checked="" type="checkbox"/>
	Energy Efficiency <ul style="list-style-type: none"> Solar panels installed at pilot location, JMMB Head Office 	<input checked="" type="checkbox"/>

2016/2017 GROUP FINANCIAL PERFORMANCE - REGIONAL DIVERSIFICATION AT WORK FOR YOU

Net Profit

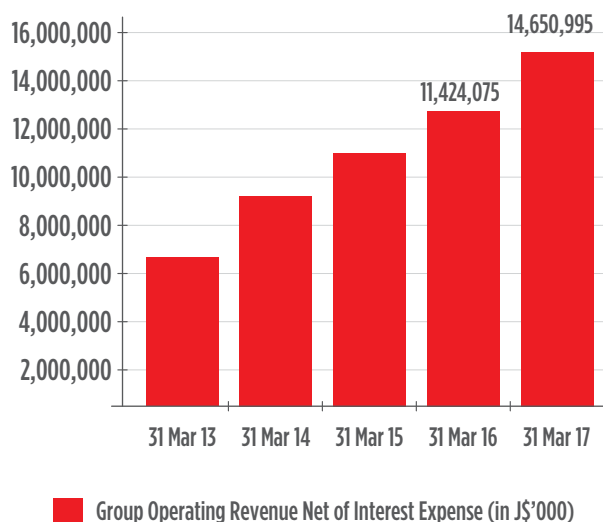
Group Net Profit (inJ\$'000)



In its 25th year of operations, the JMMB Group continued to post solid financial performance. Net Profit for the financial year ended March 31, 2017 was J\$3.35 billion which represented growth of J\$1.05 billion or 46%.

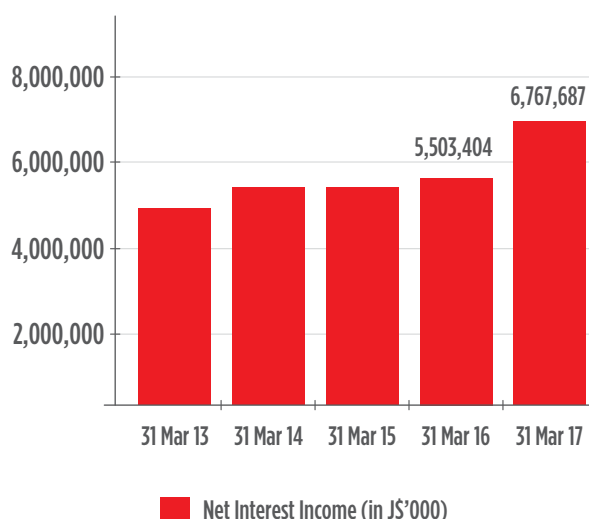
Operating Revenue

Group Operating Revenue Net of Interest Expense (inJ\$'000)



Total Operating Revenue continued on a positive trajectory with solid growth from J\$11.42 billion to J\$14.65 billion. All revenue lines recorded growth, particularly gains on securities trading. Our trading strategy delivered results of J\$5.38 billion compared to J\$4.02 billion in the prior period.

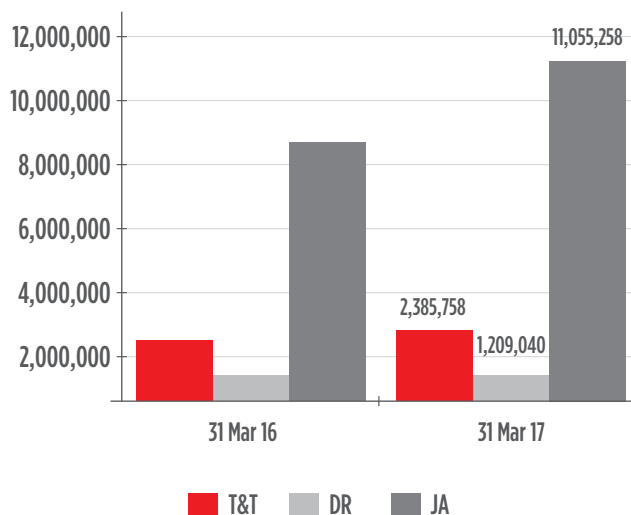
Net Interest Income (inJ\$'000)



Additionally, Net Interest Income (NII) grew by 23% or J\$1.26 billion to J\$6.77 billion and reflected growth in the investment and loan portfolios coupled with effective spread management. FX Trading increased by 30% or J\$284 million to J\$1.22 billion but growth was due largely to one-off transactions. Fees earned from managed funds amounted to J\$369 million, up from J\$218.3 million in the prior period, reflecting sustained efforts to position clients in appropriate portfolio management solutions. As a consequence of this, managed funds and collective investment schemes across the Group experienced significant growth. Other fees and commission also grew by J\$169.2 million or 23% to J\$918.3 million primarily as a result of increased value-added services to clients.

Country Contribution

Country Contribution to Group Operating Revenue (inJ\$'000)



In 2016/17, the global financial market was characterized by pockets of volatility arising from Britain's announced exit from the Eurozone as well as presidential elections in the US.

The JMMB Group pursued a flexible strategy over this period and was able to seize market opportunities which resulted in revenue growth for all three territories.

In Jamaica, operating revenue stood at J\$11.06 billion reflecting growth of J\$2.76 billion or a 33% increase over the prior period of J\$8.29 billion. Of note, Net Interest Income (NII) increased by 22% or J\$874.5 million to J\$4.81 billion, while Trading Gains were 39% or J\$1.29 billion higher at J\$4.59 billion.

In Trinidad and Tobago, operating revenue stood at J\$2.39 billion which represented growth of J\$303.8 million or 15%. This was due primarily to increased NII and Trading Gains as NII grew by 19% or J\$241.6 million to J\$1.52 billion while Trading Gains improved by J\$95.3 million or 246% to J\$134 million.

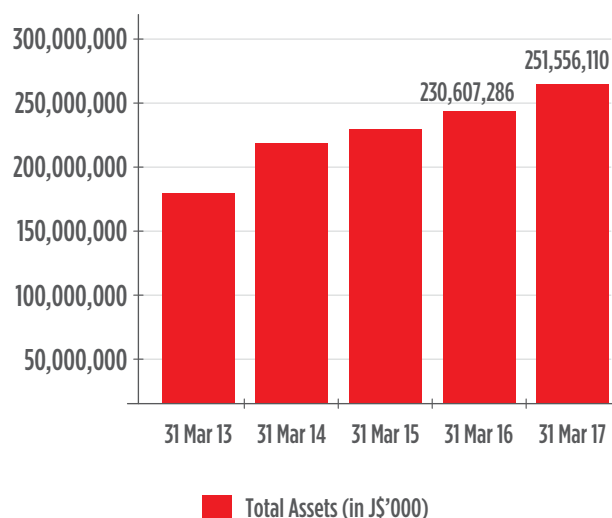
In the Dominican Republic, operating revenue totalled J\$1.21 billion, up from J\$1.05 billion and was mainly due to increased NII which was up 50% or J\$148 million to J\$442.7 million.

Efficiency

In financial year 2016/2017, administrative expenses moved from J\$8.78 billion to J\$10.45 billion and reflected expenses associated with the enhancement of the Group's integrated sales and support frameworks to drive growth and to ensure seamless and standardised operations across the region. Additionally, there were costs associated with the scaling of start-up companies in the Dominican Republic as well as inflationary increases in all three territories. Nonetheless, the Group's efficiency ratio improved as it moved to 71% compared to 77% in the previous financial year. We are confident that the Group's medium term imperative of improving operational efficiency will yield tangible efficiencies and sustainable shareholder value as we continue to execute our regional integrated financial services model.

Total Assets

Total Assets (inJ\$'000)



The JMMB Group's total asset base grew by J\$20.95 billion to J\$251.56 billion over the period. This was mainly due to increases in Loans and Notes Receivable as well as Investment Securities. Loans and Notes Receivable as at March 31, 2017 was J\$47.13 billion and reflected growth of J\$9.68 billion or 26% as all the loan portfolios across the Group increased. The investment portfolio increased by J\$14.60 billion or 9% to J\$171.57 billion. Growth in asset base

was funded by Customer Deposits and Repurchase Agreements. Client deposits increased by 19% or J\$7.79 billion to J\$49.09 billion, while Repurchase Agreements at the end of the period, were 5% or J\$7.39 billion higher at J\$156.65 billion.

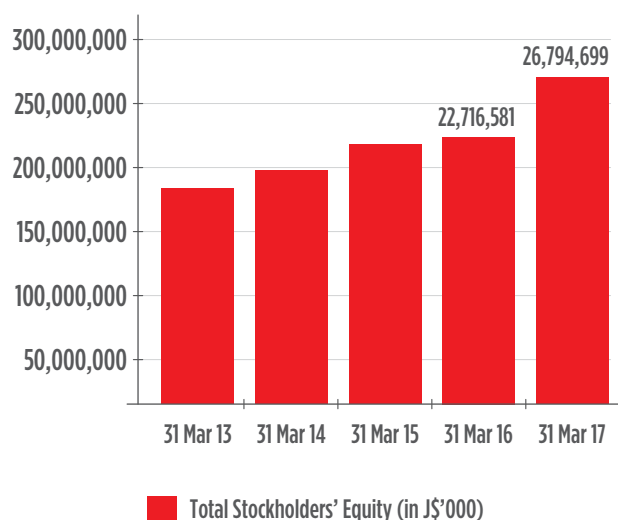
Capital Adequacy

Company	Regulatory Ratio	Minimum Requirements	31 - Mar - 17
Jamaica Money Market Brokers Ltd	Regulatory Capital to Risk-weighted Assests	10%	17.15%
JMMB Merchant Bank Ltd	Regulatory Capital to Risk-weighted Assests	10%	16.50%
JMMB Bank (T&T) Ltd	Regulatory Capital to Risk-weighted Assests	10%	15.39%
JMMB Puesto de Bolsa, S.A.	Minimum Capital	RD\$5 Million	RD\$1,200 Million

The JMMB Group remained adequately capitalised which was evidenced by all the individually regulated subsidiaries exceeding minimum regulatory requirements. At the end of March 2017, the capital adequacy ratio (CAR) for JMMB was 17.15% compared to the regulatory minimum (FSC) of 10%. For JMMB Merchant Bank, the CAR was 16.50% compared to the regulatory minimum (BOJ) of 10%, while JMMB Bank (T&T) was 15.39% which compared favourably to the regulatory minimum (CBTT) of 10%.

Shareholders' Equity

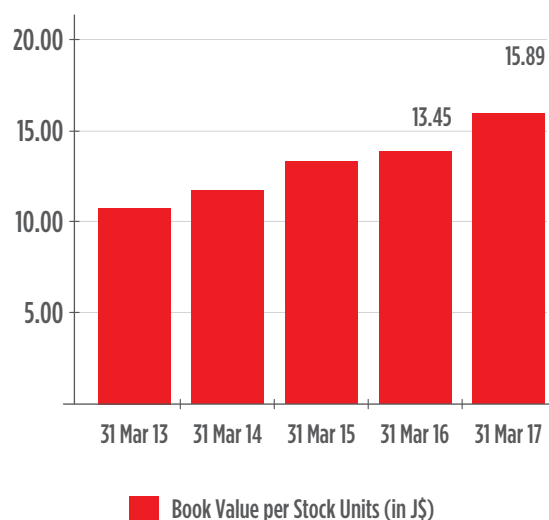
Total Stockholders' (inJ\$'000)



As at March 31, 2017, Total Shareholders' Equity stood at J\$26.79 billion and reflected an increase of 18% or J\$4.08 billion. This was due in part to improved profitability.

Book Value per Stock

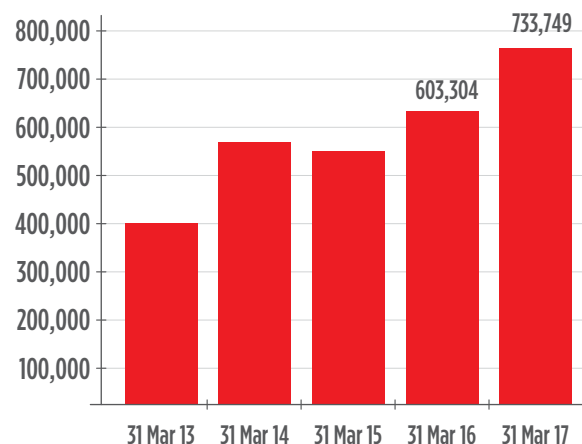
Book Value per Stock Units (inJ\$)



At the end of the 2016/2017 financial year, the JMMB Group's book value per share of common stock was J\$15.89 compared to J\$13.45 in the prior period. The stock's closing price on the JSE as at the end of the financial year was J\$16.81, indicating significant value for existing and prospective shareholders.

Dividends Paid and Proposed

(in respect of the financial year)-in J\$'000



■ Dividends Paid and Proposed (in respect of the financial year)-in J\$'000

Shareholders' Return

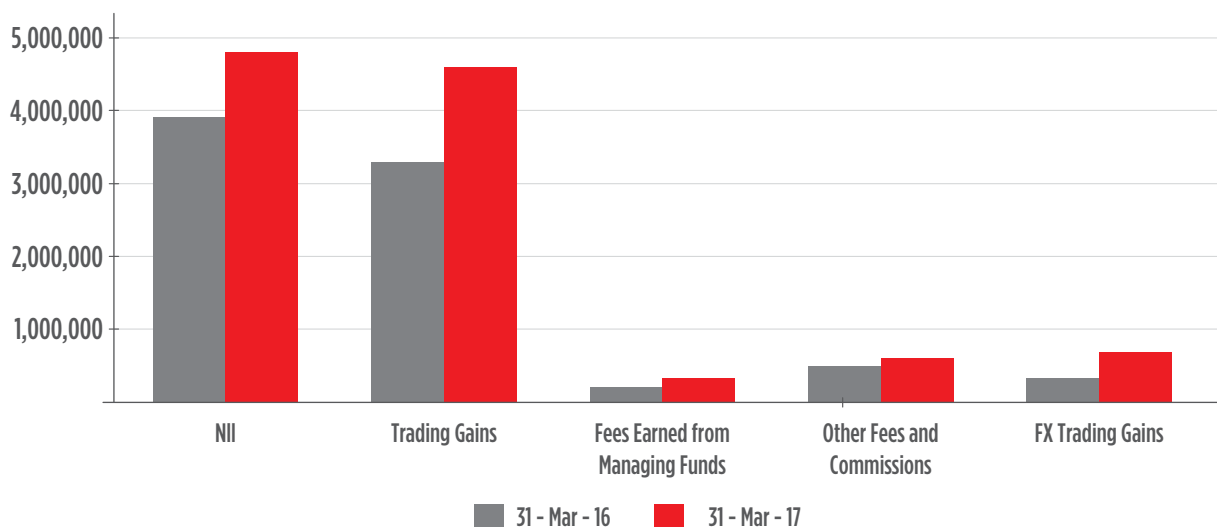
Total dividends paid and proposed in respect of the 2016/2017 financial year amounted to J\$733.7 million. The Group's performance over the period continued to drive positive shareholder returns and demonstrated our focused commitment to driving sustainable growth, achieving long-term earnings and increased returns to our shareholders.

JMMB JAMAICA

I. COUNTRY STRATEGY OVERVIEW & PERFORMANCE

Against a background of an improvement in the country's fundamentals, resulting in improved investor sentiment and business confidence, the JMMB Jamaica entities delivered strong performances in financial year 2016/2017, contributing significantly to Group profits.

Composition of JMMB Jamaica Operating Revenue (in J\$'000)



For the year, operating revenue stood at J\$11.06 billion reflecting growth of J\$2.76 billion or 33% when compared to the prior period of J\$8.29 billion. This was due to growth in all revenue lines. Of note is Net Interest Income which increased by 22% or J\$874.5 million to J\$4.81 billion and Trading Gains which were 39% or J\$1.29 billion higher at J\$4.59 billion.

Macroeconomic Backdrop

The Government of Jamaica (GOJ) signed a Precautionary Standby Agreement in late 2016 bringing to an early conclusion the Extended Fund Facility (EFF), which would have ended in March 2017. This new agreement is, among other things, geared towards giving credibility to the GOJ economic programme, and will see the multilaterals providing technical and financial support to Jamaica to help meet structural

and quantitative targets, and help usher in a cycle of sustainable and higher economic growth led by the private sector. In 2016, efforts to address the structural impediments which could restrict higher growth rates began. During the year, the Bank of Jamaica (BOJ) utilized a number of monetary policy tools to stem the pace of depreciation of the Jamaica dollar relative to the United States dollar. The actions of the central bank, which intensified in November 2016 have resulted in the appreciation of the local currency and a lower overall year-over-year rate of depreciation.

Commercial Banking Readiness

Against this macroeconomic landscape, the JMMB Jamaica team remained committed to partnering with our clients by providing simple, transparent solutions geared towards achieving their life goals. We started the financial year in April 2016 having just submitted our application to the BOJ for an upgrade of our Merchant Bank licence to that of a Commercial Bank. Anticipating a positive response, our teams began actively working to organize the efforts required upon approval. This in particular included the:

- application for new JMMB Merchant Bank (JMMBMB) locations which would increase their footprint and support the realisation of at least two (2) more financial life goal centres
- application for upgrade of the online transaction platform, Moneyline, for clients of JMMBMB to help them seamlessly execute their daily transactions
- procurement of required resources to increase the solution set of JMMBMB including the people capacity required to deliver commercial banking services in more locations

Strategic Growth

With our ongoing commitment to a holistic approach to our client conversations, we were able to support over 14,000 clients throughout the year in identifying their goals, taking stock of their current financial position and equipping them with a customized plan to realise these goals. As a result, each entity in Jamaica experienced growth as clients increasingly displayed confidence in our partnership approach to realising their goals and the supporting plans prepared with the best products across our business lines. Key performance indicators including the number of products and business lines per client saw steady increases as did the number of new clients and accounts. Specifically by business line:

- We grew our Bank balance sheet by over J\$6.9 billion in loans, which went towards funding both retail and business banking ventures.
- Clients entrusted us with over J\$20.9 billion in on and off balance sheet client funds under management across JMMB Investments, JMMB Fund Managers and JMMB Merchant Bank.
- We secured key strategic partnerships for business development to increase the number and value of remittances paid through JMMB Money Transfer. Though these are early days, the initial results realised in our last quarter are promising.
- We saw the improvement in our retention rates in JMMBIB growing from 81% to 88% and an overall increase in our insurance client base of 14%.

II. ENTITY OPERATIONS & FINANCIAL PERFORMANCE

Jamaica Money Market Brokers Ltd. (JMMB/JMMB Investments)

JMMB Investments delivered strong performance for the 2016/2017 financial year, achieving profits of J\$1.97B up from J\$731.1 in the prior period. In keeping with our strategic direction, the year was

characterized by our ongoing commitment to engage clients regarding their financial needs and delivering portfolio advisory services to help them meet their goals. This year was characterized by our four pronged approach of:

- transitioning our business model to offering our clients off balance solutions as a part of a diversified portfolio
- providing holistic financial solutions from our cadre of products and services across business lines in Jamaica
- enhancing our clients' experiences with us through client education and engagement activities
- improving efficiency

Changing Regulatory Environment

The regulatory environment continues to impact the business model for securities dealers in the local financial sector as JMMB Investments and other securities dealers continue to encourage the transition of clients into appropriate off-balance sheet solutions. JMMB Investments is actively executing this strategy as evidenced by the growth in our off-balance sheet funds under management, which was up 23% compared to our on-balance sheet funds under management which grew marginally by 2%. This result also underscores our approach to client interactions and the JMMB onboarding processes. In these client collaborations, we deliver a detailed conversation involving the discovery of clients' needs, assessment of financial statements, discussion regarding risk appetite, and other relevant disclosures. In our post needs assessment, clients are introduced to a suite of integrated financial solutions delivered through an appropriately balanced portfolio tailored to meet their goals.

This change in the solution set necessitated a greater focus on client education as we recognised the importance of having our clients and potential clients adequately informed about the changing regulatory landscape. We saw this as consistent with our brand commitment to expertise and financial education and as such, we initiated all-island education seminars where we

partnered with other entities in JMMB Jamaica, to educate and engage our clients. These seminars included dialogue on changes in the regulatory environment, the current economic outlook, simplifying investment options, identifying the suitability of debt and culminated with the team sharing appropriate solutions to adequately support these changes and goal realisation.

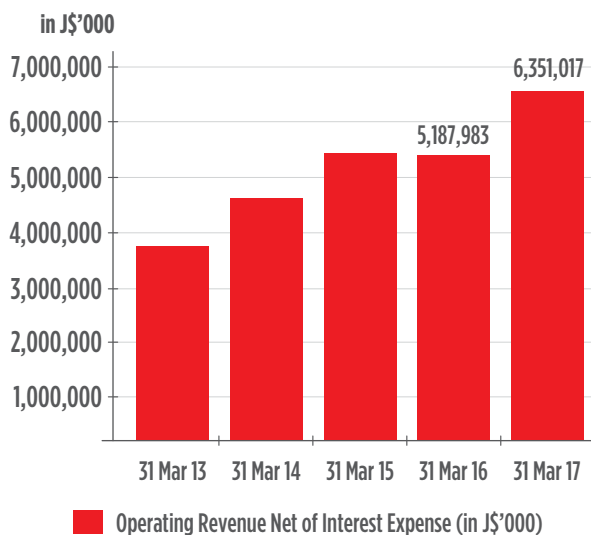
Financial Solution Tailored for Women

Recognising that each gender has unique attributes and needs, in January 2017, we launched the **JMMB Her Wealth**, a packaged financial solution for women. This solution was designed in response to the unmet needs of women shared with us after months of research and gleaned insights. **JMMB Her Wealth** provides a comprehensive suite of solutions for women including loans, savings, investments and insurance, coupled with quarterly workshops geared towards providing education and information while delivering solutions for individual and family goal realisation. This approach acknowledges that our clients are multi-faceted individuals with varying stated and unstated needs.

We are optimistic about the year ahead and are confident that with the support of the Group, we will deliver on our commitment to always have our client's best interest at heart.

Financial Performance

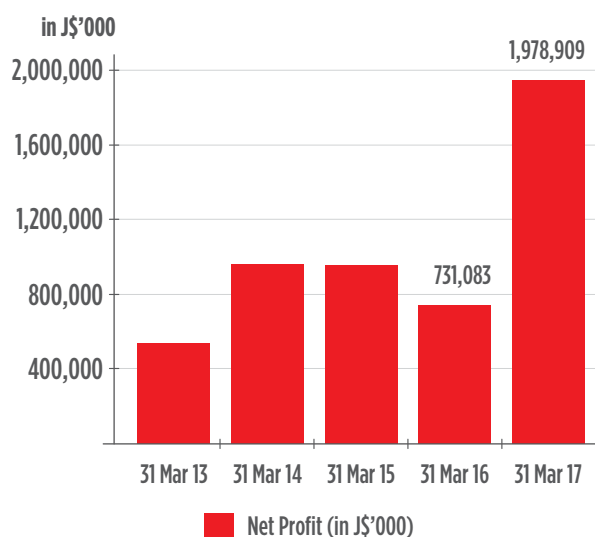
Operating Revenue Net of Interest Expense (in J\$'000)



JMMB Investments reported Net Operating Revenue of J\$6.35 billion for the financial year ended March 31, 2017. This represented an increase of J\$1.16 billion or 22% and was mainly due to growth in Net Interest Income and Trading Gains.

Net Interest Income totalled J\$2.59 billion representing growth of J\$181.3 million or 8% when compared to the previous period. Growth resulted from effective spread management as well as a larger investment portfolio. Trading Gains for the year stood at J\$3.63 billion and reflected a significant year-over-year increase of J\$1.08 billion or 42%, as the entity successfully positioned and capitalised on market opportunities throughout the year. Of note, is that the Cambio business was moved to JMMB Securities and, as a result, FX Trading Gains (J\$108.8 million recorded in the previous financial year) were absent for the reporting period.

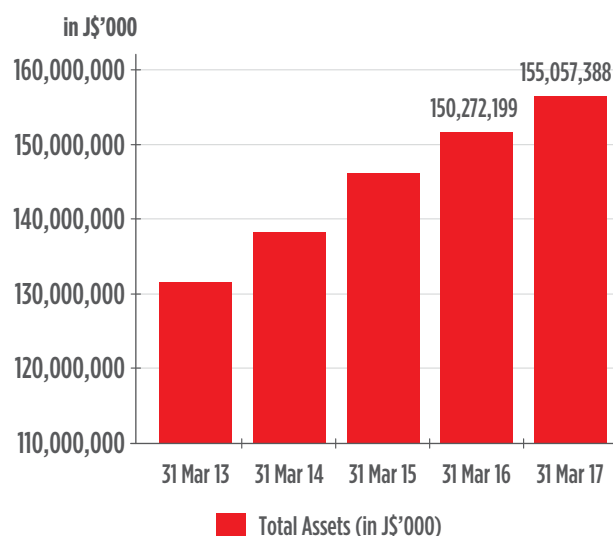
Net Profit (in J\$'000)



Operating expenses increased by 15% to J\$4.98 billion and was largely due to costs incurred in the build-out of business lines and, to a lesser extent, inflationary increases and profit-related incentives. The entity, however, received management fees and dividends from some of its subsidiaries and this resulted in net profit of J\$1.98 billion compared to J\$731.1 million in the prior period.

Total Assets

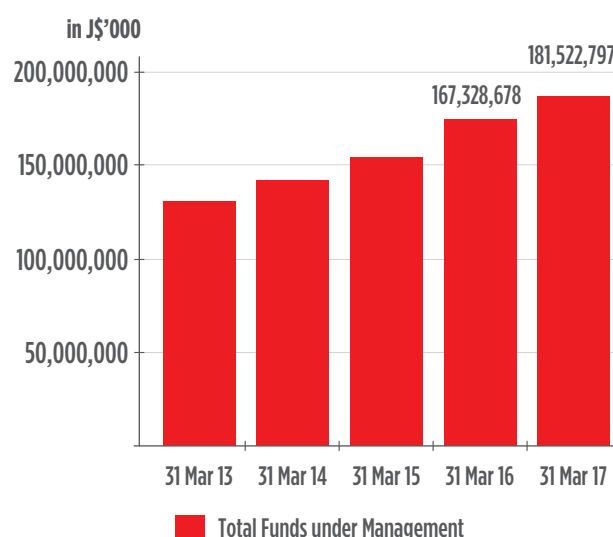
Total Assets (in J\$'000)



Total Assets grew modestly by 3% to J\$155.06 billion. This was primarily on account of increases in resale agreements as well as the investment portfolio. The investment portfolio stood at J\$106.75 billion at the end of the year, up from J\$99.48 billion. Additionally, resale agreements increased from J\$17.73 billion to J\$20.27 billion.

Asset Management

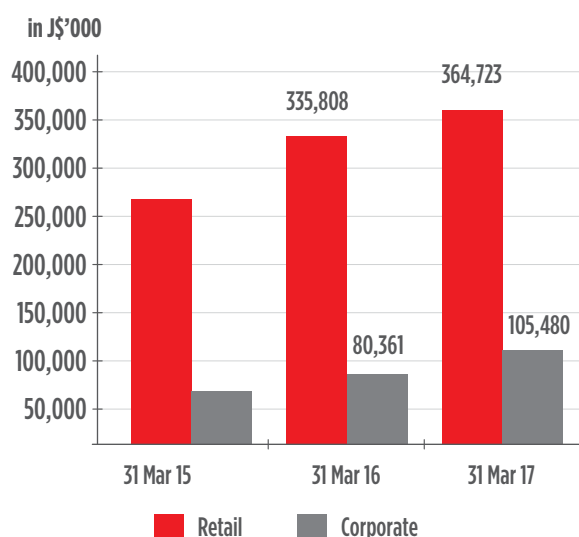
Total Funds under Management



Our Asset Management business experienced a noteworthy year of growth as the Government of Jamaica continued its fiscal program under

the guidance of the IMF. Investor confidence remained strong as financial market sentiment steadily improved over the year. The Central Bank remained active in financial markets through monetary policy instruments such as the issuance and early redemption of Certificates of Deposit and Foreign Exchange Interventions. Overall, the interest rate environment remained stable throughout the year, while the foreign exchange rate experienced a lower year over year rate of depreciation. Against this background our Asset Management business posted strong performance for FY 2016/17. Total Funds under Management^[1] (FUM) grew by 8% to J\$181.52 billion. This was on account of increases in both On-balance sheet FUM and Off-balance sheet FUM. On-balance sheet FUM increased marginally by 2% and was mostly due to depreciation as there is continued effort to transition new and existing clients into suitable fund products and unit trusts offerings. Off-balance sheet FUM rose by 23% due to organic growth as well as continued client migration to these products.

Global Bond Holdings (in US\$'000)

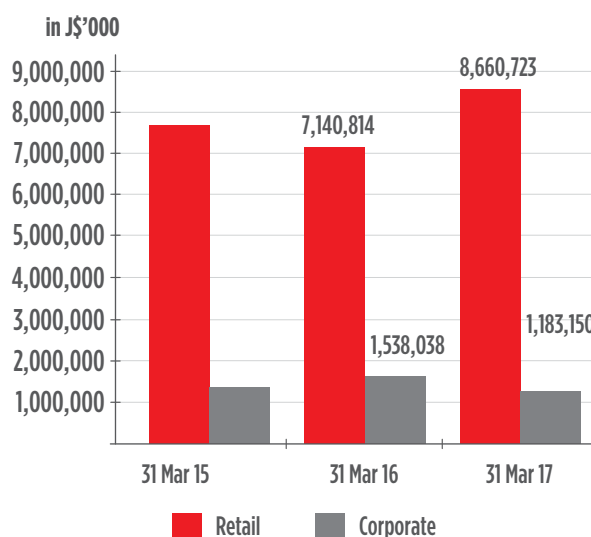


Brokerage activity remained a core revenue earner for the business as we continued to provide substantial returns for our clients' portfolios. The direct inclusion of bond and equities in suitable clients' portfolios remain a central part of our portfolio conversation.

Consequently, clients' holdings of Global bonds totalled US\$471.1 million which reflected growth of 13%. Of this amount, 77% was retail clients who wanted to diversify their portfolios in hard currency while earning attractive returns. Retail Global bond holdings rose by 9% or US\$28.9 million to US\$364.7 million while corporate client bond holdings grew by US\$25.1 million or 31% to US\$105.5 million. Given improving economic indicators, we anticipate continued growth in this business line.

Clients' equity holdings increased by 13% to J\$9.84 billion, as the bull run of the local equities market resulted in increased appetite for local stocks. Notably, retail equity holdings increased by 21% or J\$1.52 billion to J\$8.66 billion.

Client Equity Holdings (in US\$'000)



Focus for 2017/2018

For the upcoming financial year, we intend to build on the progress made in the previous year by offering new solutions for diversification, improving our service delivery channel experience as well as increasing the number of portfolio consultations with clients to ensure that we consistently provide win-win opportunities for all stakeholders. We will, thereby, reinforce our value proposition of offering simple tailored solutions oriented around our clients' life goals.

^[1] Total Funds under Management include on balance sheet customer liabilities as well as managed funds. However, clients' bond and equity holdings are excluded.

JMMB SECURITIES LTD.

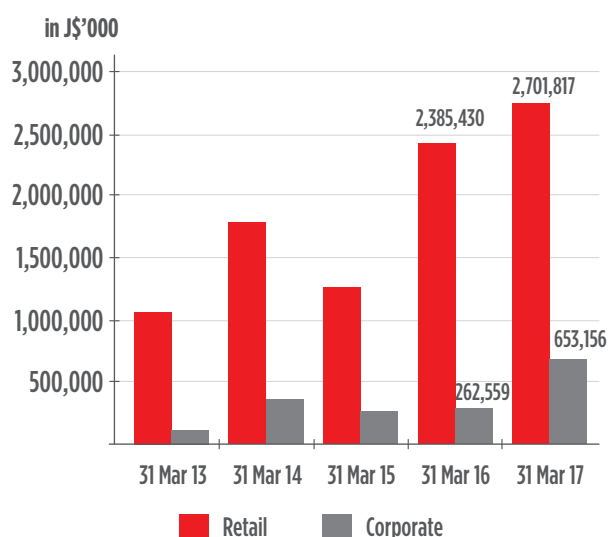
EQUITIES BUSINESS LINE

Increased Investor Confidence, Strong Market Activity

The local equities market performed positively over the financial year as investor and consumer confidence buoyed market activity. The JSE Combined Index advanced more than 46% for the financial year as Jamaica's adherence to its medium term fiscal program bolstered confidence in the market. A number of companies sought to take advantage of the positive sentiment in the market, by executing stock split and bonus issue transactions, which further attracted investors to the market.

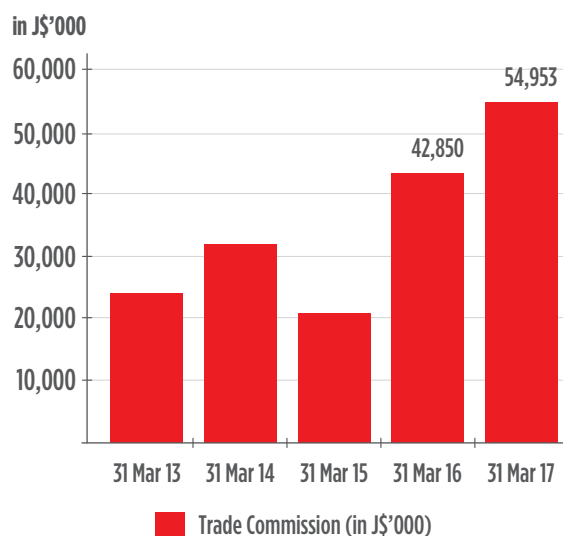
Solid Growth and Award Winning Performance

Trade Value (in J\$'000)



Against the backdrop of a strong market performance, JMMB Securities was able to grow its Fees and Commissions and Total Equity Trade Value by 28% totaling JA\$139.8 million and 42% totalling J\$4 billion respectively. We experienced strong growth in our corporate segment which saw equity trading value increase by 149%, due to our strategic focus to deliberately deliver advice highlighting opportunities appropriate for this segment.

Trade Commission (in J\$'000)



New listing activity was moderate across the market over the financial year. JMMB Securities completed the issuance and listing of the Eppley 8.25% 2021 Preference Shares (J\$361M) during the financial year. Our partnership with JMMB Jamaica's Capital Markets Unit resulted in the structuring of a number of debt transactions for our corporate clients, further resulting in commissions earned of over J\$73 million for the year.

The Jamaican economy continues to benefit from the economic program implemented under the guidance of the IMF. We maintain a positive outlook as we expect the local market indices to continue to increase as economic growth improves.

JMMB Securities was again recognised at the JSE Best Practices Awards held in 2016, winning the Chairman's Award for Overall Winner (Member Dealer) for the second consecutive year, as well as the Member Dealer's award for Expansion of Investors & Listed Companies Base.

Equities Market Outlook for 2017/2018

For the upcoming year, our focus remains on servicing our retail and corporate client segments with efficiency through technology. We also plan to continue building synergy in our product offerings with JMMB Fund Managers and the Capital Markets Unit and will expand our research

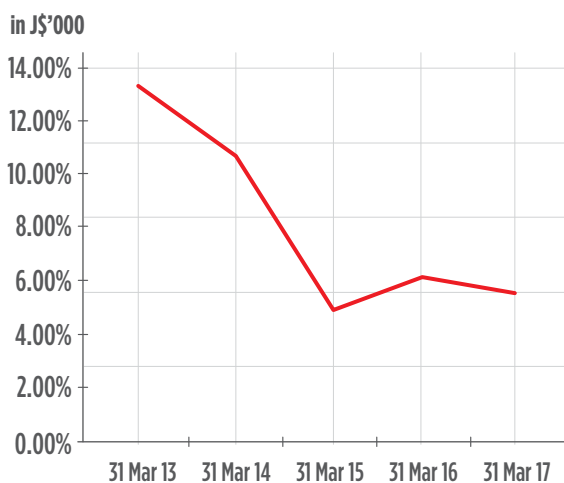
offerings to provide clients with more up to date market analysis and information. Lastly, we will continue to build regional synergy with JMMB Securities T&T as the implementation of the Caribbean Exchange Network comes closer to becoming a reality.

CAMBIO BUSINESS LINE

Growth in a Changing Global Environment

The Cambio industry continued to face challenges due to the de-risking of correspondent banks, resulting in the removal or restriction of banking relationships for a number of players in the industry. As a result, there was some consolidation within the industry with some cambio dealers choosing to shut down their operations. Despite the challenges, JMMB Securities cambio maintained its strong market position, representing a key revenue line for the Group, amidst an increasingly challenging market with relatively tighter spreads and lower volatility.

Annual Depreciation for JMD/USD for The Past 5 Financial Years



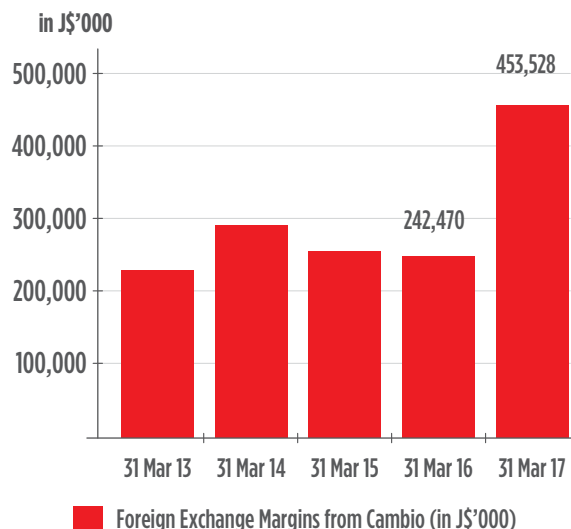
Of overall volume traded, JMMB Securities represents approximately 14% of the cambio market and 7% of the authorized dealer market.

Over the financial year, we sold over US\$450 million to the market. The Jamaican dollar recorded a depreciation rate of 5.4% relative to the United States dollar over the financial year,

which was lower than the 6.08% depreciation for our previous financial year.

Cambio Business Outlook for 2017/2018

Foreign Exchange Margins from Cambio (in J\$'000)



The Bank of Jamaica (BOJ) has remained active in the market through the use of monetary policy and currency interventions to ensure the orderly movement in the valuation of the local currency.

The macroeconomic outlook for the economy remains positive as the Government targets growth under a new stand-by agreement with the IMF. Jamaica's Net International Reserves (NIR) continue to grow, totaling in excess of US\$2.7 billion as at the end of March 2017. The strong position of the NIR should ease any concerns over the supply of foreign currency.

As the JMMB Group expects to commence commercial banking operations in Jamaica in the upcoming financial year, we are planning for the further integration of banking and investment offerings delivered through JMMB Jamaica's integrated branch network. This will result in some moderation in cambio trading revenues in JMMB Securities Ltd., as foreign exchange trading transactions with clients in our branches and online are transitioned to our banking operations. In JMMB Investments the focus will shift to creating new trading relationships as well as strengthening current partnerships with our local and regional institutional clients.

JMMB FUND MANAGERS LTD. (UNIT TRUST & PENSIONS)

Our Strategic Focus

The strategic focus of JMMB Fund Managers (JMMBFM) during the 2016/17 financial year was centered on five areas:

- Leveraging the administrative capabilities of JMMBFM, extending this to other jurisdictions in which the JMMB Group has a presence
- Realigning processes with a view to improving overall efficiency within the company
- Consolidating the suite of Collective Investments Schemes (CIS), leveraging same to achieve client objectives through packaged investment portfolios
- Reviewing the product suite and looking for opportunities to widen the value proposition of the offerings
- Enhancing team member competencies through structured cross-training

Client Centric Solutions and Service Delivery

JMMBFM provides fund management and administrative services for Pension Funds and Collective Investment Schemes (CIS) which, at end March 2017, had combined Funds under Management (FUM) of approximately J\$22.8B representing growth of 48% year-over-year.

During the 2016/2017 financial year, CIS FUM increased by \$4.5 billion or 67% to \$11.2 billion under management. This was achieved in part due to a focused and sustained effort to align client value propositions with structured investment portfolios underpinned by our range of CIS. The company's business model embodies a client centric focus with the ultimate aim of providing clients with the benefits of continued process improvements and thereby, an enhanced experience. Accordingly, our range of CIS offerings can be accessed directly or via JMMB's bundled solutions which provide clients with a

pre-determined mix of funds geared towards achieving a particular goal.

The Pension business line continued its performance of solid growth for the 2016/2017 financial year. The business line experienced growth in fee income of approximately 32%, an increase in overall FUM of 35%. The growth in the business line reflects the execution of strategic sales initiatives with specific client segments where we used the opportunity to reinforce the value proposition for our group pension accounts. The team continues to emphasize through workshops and sessions with clients, the importance of attaining long term financial stability with a proactive focus on retirement savings. In support of our continued growth in the Pension Fund Management business line, the leveraging of our new fund administration platform raises the bar in client experience and overall fund administration. Key benefits to be realised with the launch of the new platform will include enhanced online functionalities through JMMB's online transaction platform, Moneyline, and faster processing of benefit payments.

JMMBFM ended the financial year with net profits of J\$135 million, a 71% increase over the J\$79 million after tax profits for the 2015/2016 financial year.

Enhanced Solutions Suite, Enhanced Value Proposition

As a consequence of the successful launch of the Life Goal Suite (Unit Trust funds) as well as the restructuring of the Giltedge Fund to the Giltedge Money Market Fund and the Optimum Capital Fund to the Optimum Capital (Real Estate) Fund, JMMBFM now boasts a broader suite of CIS, significantly enhancing the value proposition of our product offerings.

Positive Outlook for 2017/2018

The regulatory environment remains conducive to even greater levels of growth, promoting the use of CIS as the investment vehicle of choice. As market education becomes more commonplace, we anticipate a greater level of acceptance of CIS by the investing public. We also note and are heartened by the enhanced engagement of clients around retirement planning and we extend

support through broadening our efforts at financial client education programs tailored towards financial goal achievement.

JMMBFM will continue to position itself as the Group's Centre of Excellence for Fund Administration. We will continue to provide the framework, support and attractive offerings to ensure goal attainment for JMMB Group Clients at any stage of their financial lifecycle. Our continued success is therefore founded on the delivery of excellent service and diverse yet relevant product offerings underpinned by the strength of a sound governance and management structure.

JMMB MERCHANT BANK LTD.

Strong Growth and Preparation for Commercial Banking

JMMB Merchant Bank Ltd. (JMMBMB) again recorded a successful year with growth in all the major balance sheet and income lines. JMMBMB recorded strong growth in the core business of both loans and deposits while recording increases in volume driven loan fee income and foreign exchange trading income. The market has responded positively to the JMMB brand and our commitment to superior client service and the Bank's commitment to keeping the needs of our clients and potential clients at the centre of our offerings and all strategic efforts.

Of note, towards the end of September 2016, the Merchant Bank received approval from the Bank of Jamaica with respect to our application submitted in April 2016 for the upgrade of our licence to Commercial Banking status. Over the year several initiatives were undertaken to prepare the Bank and our teams for commercial banking operations. As we continue to execute these plans in the coming financial year, we anticipate offering an expanded product suite and new solutions and services to existing bank clients, JMMB Group clients and potential clients across Jamaica. While at the same time, bringing an experience to the market that is focused on partnership and truly having our clients' best interest at heart.

Financial Performance

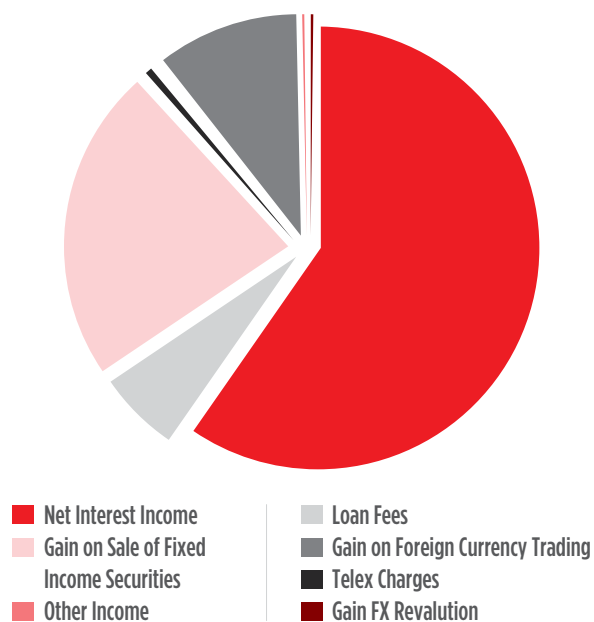
JMMBMB recorded significant growth in total revenues, which increased by J\$1.08 billion or 76% moving from J\$1.37 billion for period ending March 31, 2016 to J\$2.40 billion for period ending March 31, 2017. Net profits after tax also recorded significant growth when compared to 2016 moving up from J\$550.2 million to J\$850.7 million, a growth of J\$300.5 million or 55% year over year. This growth was driven by 56% growth in our primary asset of loans and overall balance sheet growth of 21%. During the period of review, JMMBMB realised J\$558.7 million in revenues from gains on disposal of securities consisting mainly of Government of Jamaica bonds which were subject to early recall. Net interest income (NII) recorded a 56% increase, moving from J\$925.8 million in 2016 to J\$1.45 billion, an increase of J\$514.6 million. Increased total revenues was supported by increases in the other core business lines of loan fees and foreign currency trading which recorded increases of 48% and 98% respectively.

JMMBMB continues to focus on core banking activities which have yielded positive results for the 2016/2017 financial year.

Core Revenue VS Non-Core Revenue



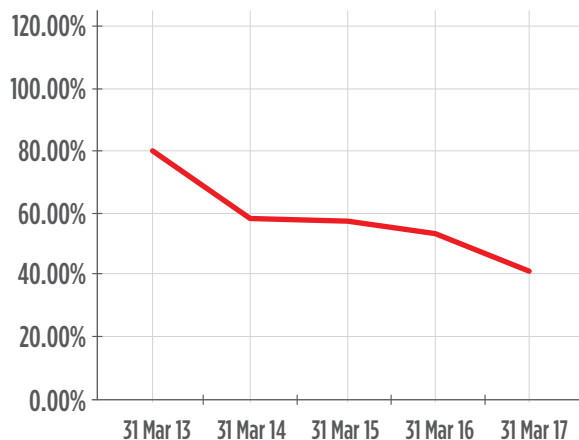
Revenue Distribution



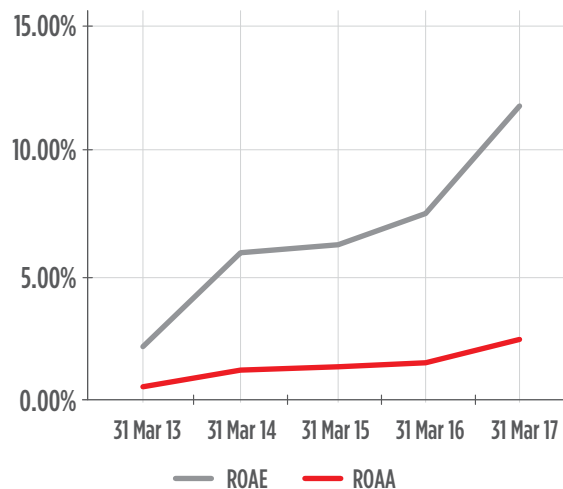
Financial Ratios

All financial benchmarks recorded improvements, with return on average equity (ROAE) moving from 7.50% for 2015/2016, to 11.91% for 2016/2017 and return on average assets (ROAA) moving from 1.59% for 2015/2016 to 2.60% for 2016/2017. By growing revenues and reviewing some key processes, we successfully implemented measures aimed at improving efficiency and recorded a sharp improvement in our efficiency ratio which fell from 70.98% in 2015/2016 to 59.57% for the period ending March 31, 2017.

Efficiency Ratio



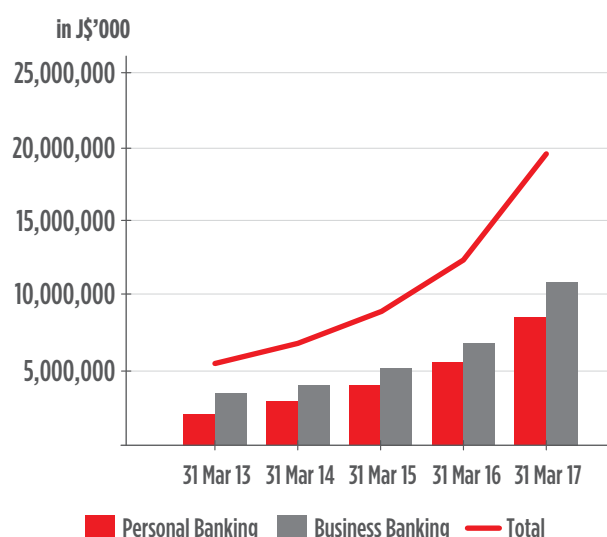
Profitability Ratios



Loans

JMMBMB recorded a 56% growth in loans and moved its market share among banks (consisting of Merchant Banks and Commercial Banks) to 3.39%. This strong showing resulted from growth in both personal and business banking portfolios with the latter resulting in a 56% increase in the business banking portfolio or growth of J\$3.9 billion. The retail portfolio grew by J\$ 3.0 billion to also reflect a growth rate of 56%. The retail performance resulted from the continued focus on traditional personal banking lines as well as increased presence in long term home ownership and home improvement solutions.

JMMBMB Loans



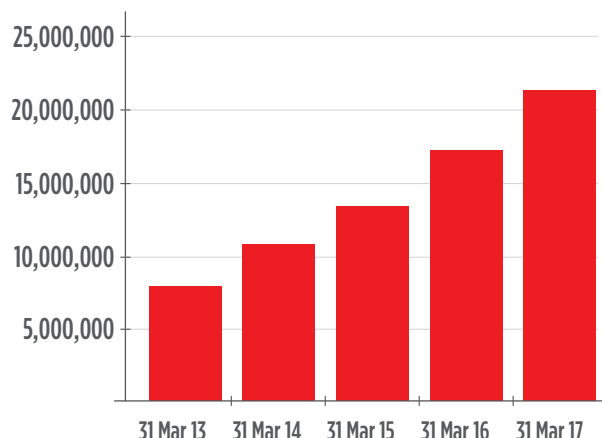
JMMBMB continues to lead the industry in loan portfolio quality with a decline in delinquency in both absolute dollar value of non-performing loans from J\$145 million to J\$139 million and from a ratio of 1.18% of total portfolio to 0.72%.

For the year ahead, we remain committed to small and medium enterprises and have already identified three major sectors to target over the upcoming year. The balanced loan portfolio mix indicates that JMMBMB is committed to supporting businesses in Jamaica and remains fully supportive of efforts to grow the Jamaican economy.

Deposits

JMMBMB ended an extremely challenging year with a deposit growth of approximately 24% or J\$4 billion. The market was faced with constraints regarding liquidity and increasingly so for Jamaican dollar liquidity. Notwithstanding the foregoing, we remained committed to providing clients with value and this resulted in the year-over-year growth recorded. While operating within the unique Merchant Banking space, the Bank managed to continue to connect with the genuine saver, a sector that has always found value in the JMMB Group overall value proposition. Over the upcoming year we intend to bring sharper focus to good saving behaviours in our efforts to assist our clients and potential clients to achieve specific financial goals.

JMMBMB Deposits



Strategic Focus 2017-2020

The addition of commercial banking will allow the Group to expand our product offering and more fully meet the needs of our clients through the provision of financial solutions in an integrated service delivery environment. Over the next three years, JMMBMB will focus on establishing our Bank as a strong player in the Jamaican commercial banking space. This will involve the roll out of a full suite of products, consistent with traditional commercial banking operations, as well as, unique solution sets in response to client demand. In partnership with JMMB Investments, we will continue to increase the presence of the

Bank across Jamaica through the addition of new branches, as a part of the Group's integrated financial life goal centres, We will also enhance electronic and telephone support services as we seek to provide clients with real time access to the JMMB client experience. Lastly, in keeping with the overall national growth agenda, we will sharpen our focus on small and medium enterprises by providing solutions specific to the unique needs of this sector. JMMBMB fully supports the financial inclusion mandate and will remain accessible to all Jamaicans.

As we enter the commercial banking arena, we are acutely aware of the needs, expectations and pain points of our clients as well as the service and experience gaps currently in the market. We therefore intend to offer a differentiated experience by leveraging the strength of JMMB's brand values of Love and Your Best Interest. We promise:

- to offer service in your best interest, as we value our relationship with you.
- a fun banking experience, where it is easy access to save, borrow and spend your money as you live your life.
- simple solutions tailored to meeting your life goals because we have your back.
- convenient multi-channel access to services and solutions as we value your time.
- low or no fees as we value your money.

JMMB MONEY TRANSFER LTD.

New Corridor and Strategic Partnerships

JMMB Money Transfer Ltd. (JMMBMT) continues to focus on increasing market share from senders utilising both online and over the counter transactions. We provide inbound transaction services from over 140 countries and our recipients have the option of receiving their money transfers by collection at one of our over 100 agent locations island-wide, or by direct deposit to their account at any financial institution in Jamaica.

In December 2016, JMMBMT expanded its operations into the Turks and Caicos Islands market, through a strategic partnership with Caribbean Airmail, Inc., doing business as CAM Transfer. Additionally, on January 1, 2017, JMMBMT re-commenced the payment of the National Housing Trust (NHT) contribution refunds. These clients can either pick-up their refund at any of our over 100 locations, or have their refund directly deposited to either a local or overseas account. We will continue to explore strategies to add new agent locations, services and corridors for our clients in the coming year.

Financial Performance

For the period under review, JMMBMT achieved higher transaction volumes, resulting in a 13% increase in remittance fees. Total income, however, remained flat for the period, while pre-tax profit fell by 9% despite the implementation of various cost saving initiatives.

Operational efficiency and strong governance thus continue to be key areas of focus. Over the year, we continued to strengthen our compliance program through annual online AML/CFT training of all our agents. In addition, our core payment platform is leading-edge technology which, among other things, is able to detect 'black-listed' persons and create profiles of recipients who may be considered high risk. We remain committed to improving our operational efficiency and revenue enhancement as we seek to diversify our product and service channels.

Outlook for 2017/2018

In financial year 2017/2018, we will be aggressively pursuing other avenues with our international partners, in order to substantially increase market share while enhancing our clients' experience.

JMMB INSURANCE BROKERS LTD.

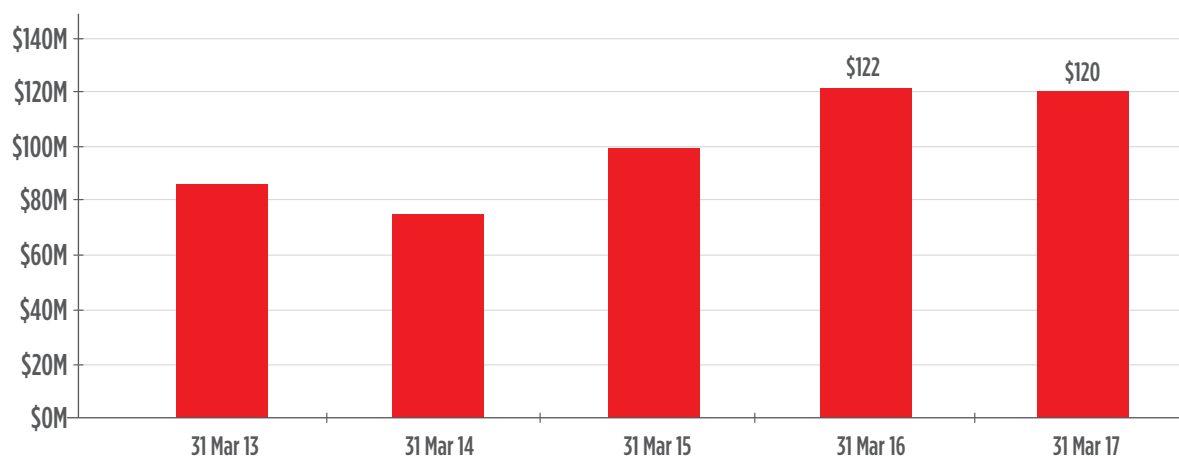
Rising Client Confidence and Renewal Rates

JMMB Insurance Brokers Ltd. (JMMBIB) continues to offer advice in the areas of General Insurance, Life & Health and Employee Benefits to a wide

cross-section of clients to manage their risk exposure, while creating value for our shareholders.

JMMBIB was able to navigate a challenging year as premium rates continued to fall in both the local and overseas markets whilst delivering a modest profit. We continue to enjoy a high level of confidence from our clients as our renewal retention rate moved from 81% for the year ending March 31, 2016 to 88% at March 31, 2017. This was accompanied by a 14% increase in our client base. This, however, was not carried over into our income as our commissions and fees declined by 2% and operating revenue also saw a reduction by 3%.

Commissions and Fees



Of note, is that the Life and Health business line continues to experience significant growth. Year-over-year, the segment recorded 28% growth in commissions which was attributed largely to the growth in our pensions portfolio.

In the third quarter of the year under review, to improve our operational efficiency and allow our client facing relationship officers more time for advisory and sales activities, we created a team of professionals whose primary focus is to service our client renewals in a timely manner. We are confident that this effort will further enable us to improve our retention rates and ensure we meet our service standards. Through this, we aim to continue soliciting the best offer from the market for our clients on renewal and present them with their renewal terms well ahead of their policy renewal date.

Outlook for 2017/2018

Looking ahead, in the absence of increased market risk, we expect the environment, in the short to medium term to remain challenging. Despite these anticipated challenges, we remain committed to:

- providing a wide range of products designed to meet the changing needs of our clients.
- finding solutions to help individuals protect what matters most to them and the legacies of business owners.
- protecting the integrity and status of professionals.

As a member of the JMMB Group, JMMBIB will continue to leverage the strength of the JMMB to deepen our relationships with our clients across the Group. It is our intention to improve our market share and profitability by increasing the number of insurance team members in JMMB's integrated branches, exploring online platforms to increase convenience to clients and, building relationships and partnerships with external entities as a means of growing the portfolio.

2017/2018 OUTLOOK FOR JMMB IN JAMAICA

As efforts continue to foster growth in the country, the JMMB Group in Jamaica is poised to take advantage of this. From a sector perspective, in the medium-term, we expect to see growth opportunities in mining, construction, hotel, tourism, wholesale and retail activities, which will fuel expansion in the Transportation, Storage and Communication (TSC) sectors. To be ready to maximize on this we are ensuring that we:

1. Improve access to all services in Jamaica with the expansion of our integrated financial life goal centres, moving this number up to six (6) by the end of 2017/18 and identifying opportunities for more JMMB access across Jamaica.
2. Enhance online capabilities for clients of JMMB Investments, JMMBMB and JMMBFBM, making access to us at your convenience easier.
3. Provide a seamless transition of our Merchant Bank to a Commercial Bank to further build out our products and services and present our clients with a strong alternate to commercial banking services now offered in Jamaica.
4. Embed the JMMB brand differentiators with our team members to ensure that our promise of Client partnership is delivered in every client interaction and consistently supports our clients in their goal realisation.
5. Simplify our solution sets to help our clients easily understand and identify the best options for themselves.

2017/2018 STRATEGIC FOCUS FOR JMMB IN JAMAICA



In our 25th year of operations, we renew our commitment to treating our clients as a part of our family, proactively seeking to be in their world and partnering with them to understand and encourage them towards achieving their life goals. As our clients win, so will we!

JMMB TRINIDAD AND TOBAGO

i. COUNTRY STRATEGY OVERVIEW & PERFORMANCE

Financial year 2016/2017 marked a milestone in JMMB's history in Trinidad & Tobago as its local operating entities— JMMB Bank (T&T) Limited and JMMB Investments Limited— introduced the integrated financial services model, paving the way for the provision of a full suite of truly integrated financial solutions to meet our clients' life goals.

Economic conditions worsened during the financial year, as the local economy continued to be plagued by reduced revenues due to depressed global energy prices which were compounded by generally lower production levels. This has had ripple effects on the rest of the economy as evidenced by chronic shortages of foreign currency, inordinately long delays in the settlement of payments due to contractors by the government and rising unemployment.

Expanding JMMB's Regional Footprint in Trinidad & Tobago

Despite these macroeconomic challenges, the financial year started off on a high note with the rebranding of the banking operations to JMMB Bank, embedding the JMMB brand in the local banking and financial services landscape. The momentum continued during the year with the introduction of our first integrated branch at our Chaguanas location, where clients now have access to our banking and investment services and solutions under one roof. The drive and enthusiasm of our team members and clients were a positive force leading to the culmination of the opening of our second integrated branch in December 2016, at the impressive South Park Shopping Centre.

The rebranding to JMMB Bank paved the way for heightened brand exposure, and from all accounts, the brand and marketing reach has significantly increased over the year, both in the social media space and the local environment.

This has contributed to an uptick in the number of bank and investment accounts opened during the financial year.

JMMB is committed to educating consumers and investors, developing the local financial market as well as improving the wider society. During the year, we focused on expanding financial knowledge through sponsorships, active participation and exposure to thought provoking discussion panels as well as collaboration with the high profile "Planting Seeds" television series which seeks to promote entrepreneurship locally. Further, our investor forums and relevant research pieces are targeted at specific client segments and provide an opportunity to highlight our outlook on the economy and specific investment options.

JMMB Trinidad and Tobago takes corporate social responsibility (CSR) seriously, and during the year we supported several initiatives to promote education, health and well-being in the communities in which we operate. In the coming financial year, we will formalise our CSR framework with the introduction of our Country CSR policy.

The JMMB brand presence in Trinidad and Tobago is more than just the signage and brick and mortar our clients see. Central to delivering our brand promise is the critical role our team members play in ensuring that we serve with our clients' best interest at heart. We recognise this and, as a result, significant resources have been devoted to both ongoing client centric and technical training of our teams so that clients can be assured of the expertise and quality client care underlying each interaction with us and at each of our touch points.

As we look back on the year just ended, we are proud of our achievements which have served to expand JMMB's regional footprint in the local financial market and the team eagerly looks forward to delivering exceptional client experiences, the JMMB way.

ii. ENTITY OPERATIONS & FINANCIAL PERFORMANCE JMMB BANK (T&T) LIMITED

Client Partnership in the Face of Slowed Economic Growth

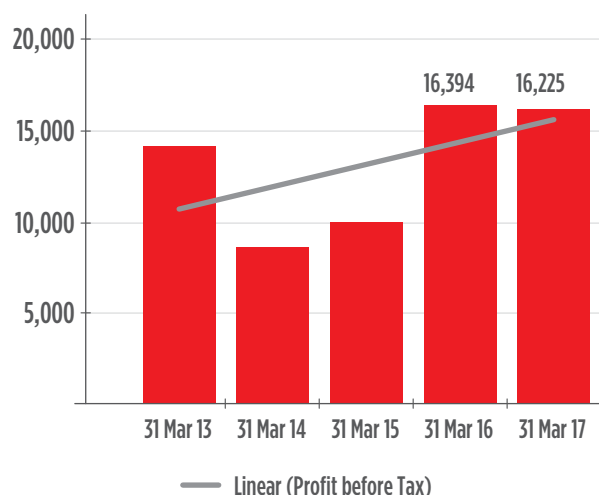
In the face of slowed economic growth and foreign currency shortage, JMMB Bank sought to partner with our clients, many of whom have seen their businesses and cash flows severely impacted by both the inability to access foreign currency to pay foreign suppliers, as well as non-payment of long outstanding balances on government contracts.

FINANCIAL PERFORMANCE

Profitability

At the end of the financial year 2016-17, the JMMB Bank (T&T) Limited and its subsidiary Intercommercial Trust and Merchant Bank Limited (collectively 'JMMB Bank' or 'the Bank') reported a profit before tax of TT\$16.2 million, just lower than the prior year's TT\$16.4 million. Increases to the tax rate, introduced in January 2017, adversely impacted JMMB Bank's effective tax rate resulting in profit after tax of TT\$11.2 million, a 10% year-on-year decrease of TT\$1.2 million. Profit before Tax stood at TT\$16.2 million, a marginal decline of 1% over the prior year.

Profit Before Tax TT\$'000



Net Interest Income

Net Interest Income (NII) for the period ended March 2017 increased by 12% year-on-year from TT \$63.8 million in March 2016 to TT \$71.4

million. NII consists of loan interest income and investment interest income net of the interest expense on funding instruments and accounts for 65% of the Bank's total operating income.

Despite the difficult economic environment, the Bank's loan portfolio increased by 4.1% over that of the prior year, moving from TT\$1.02 billion in March 2016 to TT\$1.06 billion in March 2017.

Investment interest income also increased year-on-year by 71% consistent with the increase in the investment portfolio from TT\$300 million in 2016 to TT\$369 million as at March 31 2017.

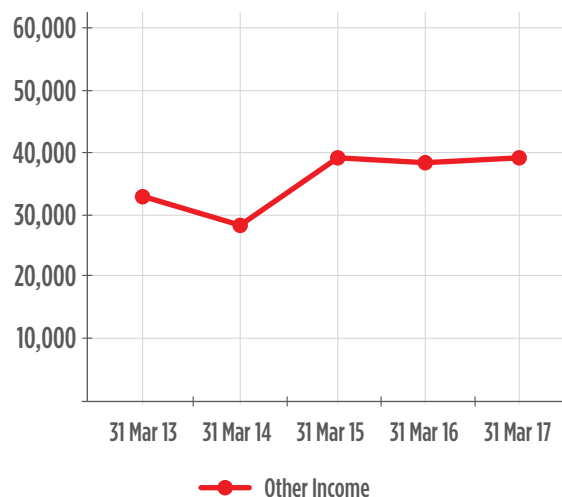
The Bank's funding base also grew by TT\$81.2 million or 5% over that of the prior year. While we proactively manage overall funding, the Bank's average cost of funds increased by 0.24% over the year consistent with the expectation of rising interest rates. This is reflected in the increase in interest expense of 37% moving from \$12.6 million in 2016 to \$15.9 million in 2017.

Other Income

Other income increased marginally to TT\$38.9 million compared to the prior financial year of TT\$38.5 million with revenues from foreign exchange trading accounting for the majority of total other income.

Foreign exchange revenues for the year of TT\$28 million, albeit short in comparison to the prior period of TT\$32 million, is a significant achievement in light of the severe shortage of US Dollars in the market.

Other Income TT \$'000



Operating Expenses

Total expenses increased by 9.6% or TT\$8.3 million for the year ended March 2017, over 56% of which is accounted for by staff costs, driven by the Bank's focus on building out as well as training and development of team members.

Increases were also seen in loan loss expense of \$1.1 million, a direct result of an increase in the non-performing portfolio from TT\$39 million in 2016 to TT\$45 million in 2017. Property and administrative expenses also increased by TT\$1.3 million and TT\$1.7 million respectively, due to the impact of two significant capital projects—the roll out of our two integrated branches, during the year.

In light of these major projects, operating efficiency deteriorated from 83.97% in March 2016 to 86.87% in March 2017. The Bank, however, remains focused on the improvement of its operating efficiency through the management and monitoring of its operating expenses by process reengineering and the implementation of the Group's integrated service delivery model.

Taxation

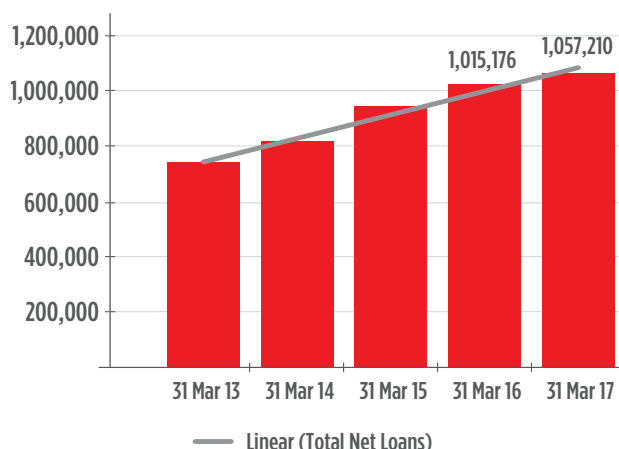
For the financial year ended March 2017, JMMB Bank reported tax expenses of TT\$5.1 million, TT \$1.1 million or 27.5% higher than the previous year of TT\$4 million due to a change in the corporation tax rate from 25% to 30% as noted above.

Asset Base

JMMB Bank's asset base as at the close of the year, increased by TT\$88.6 million or 5% over the prior year. Loans and advances, which represent the Bank's core asset base and account for 57% of total assets, increased by 4.1% year on year and at a compound annual rate of 5% over the last five (5) years.

The investment portfolio grew by TT\$75 million or 25% during the period of review. The Bank continuously rebalances its investment portfolio to optimise returns based on the availability of quality assets and its liquidity need, while complying with the limits and thresholds set by the Board of Directors through its Risk Committee.

Total Net Loans TT\$'000



Capital Base

JMMB Bank's shareholders' equity closed at TT\$171.1 million at the end of the financial year March 2017, an increase of TT\$9.8 million, due to profits generated for the year.

The Bank proactively manages its capital utilisation and has successfully maintained a capital adequacy ratio in excess of the statutory requirement over the course of the year.

JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LTD.

Expanded Product Offerings and Growing Client Base

Three years into its operations, JMMB Investments (Trinidad & Tobago) Limited and its subsidiary JMMB Securities (T&T) Limited (collectively JMMB Investments) have successfully expanded its product offering, grown its client base and strengthened its infrastructure to support its business strategies.

Providing expert financial advice is the cornerstone of JMMB Investment's T&T approach to partnering with its clients to achieve their financial goals. During the financial year, JMMB Investments TT introduced investor forums which served as an effective means of client outreach and created the link between financial expertise and the JMMB brand.

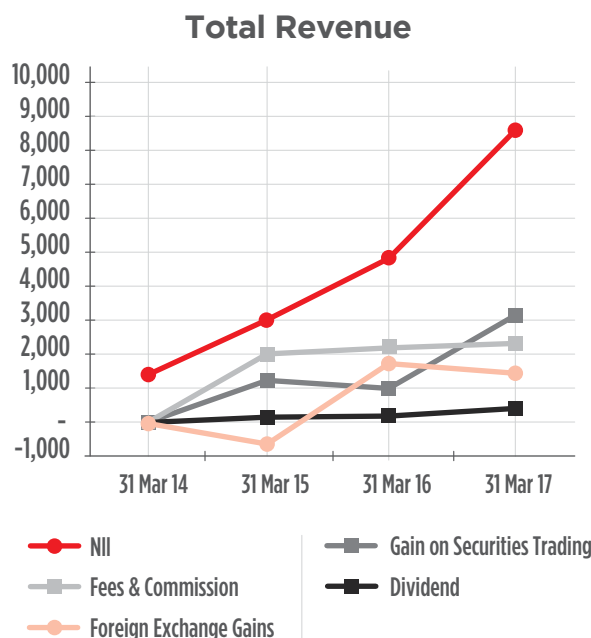
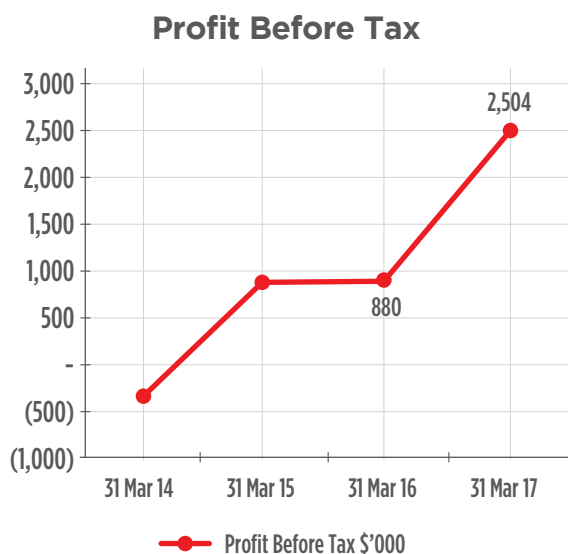
A significant achievement for JMMB Investments

TT was the much-anticipated launch of a new global investment brokering platform, Interactive JMMB, which gives clients access to the global investment market. The platform empowers clients by providing the opportunity to take charge of their investment process and navigate the global investment market with efficiency, transparency & safety. This platform is also expected to be rolled out across the JMMB Group's operations in Jamaica and the Dominican Republic.

JMMB's unique approach to serving our clients has contributed to JMMB Investment's improved financial performance for the financial year 2016/2017 and has created excitement and anticipation in the financial markets around the JMMB brand.

Financial Performance

Profit before tax for year ended March 31, 2017, grew by 185% over the previous year, primarily driven by consistent growth in net interest income and gains on securities trading which increased by 78% and 218% respectively.

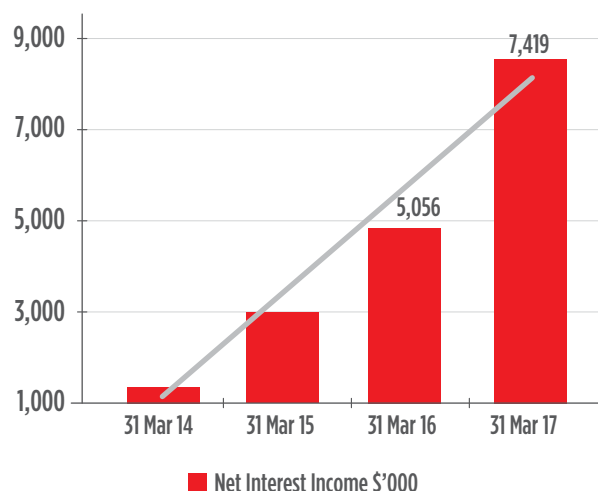


Net Interest Income and Other Income

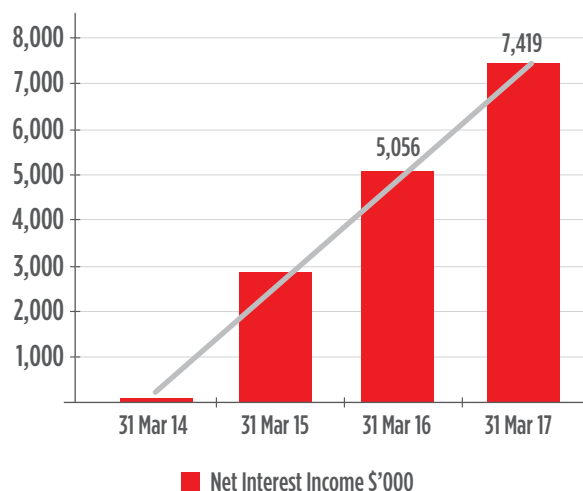
Net Interest Income closed at TT\$8.6 million, a year-on-year increase of TT\$3.8 million or 78% compared to the fiscal year 2015-16. Other income, comprising of gains on security trading, fees and commission, dividends and foreign exchange gains contributed to TT\$7.4 million or 46% of total revenue for the period.

Fees and commissions earned through JMMB Securities Limited accounted for 15% of total revenue which represents an increase of 10% over the prior year. The company also continued to benefit from the depreciating US\$: TT\$ exchange rates, having earned TT\$1.4 million on revaluation of the US\$ portfolios.

Net Interest Income



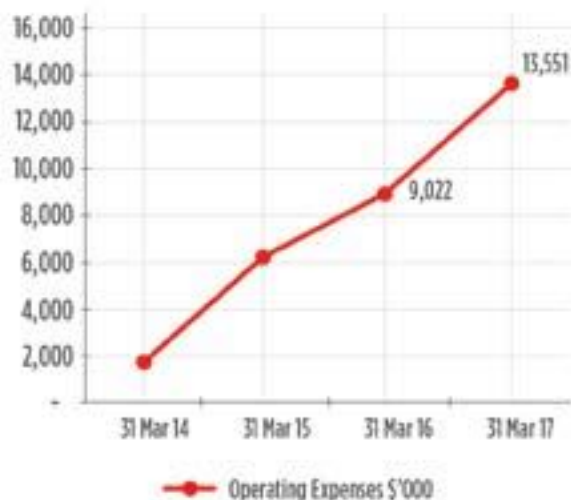
Other Income



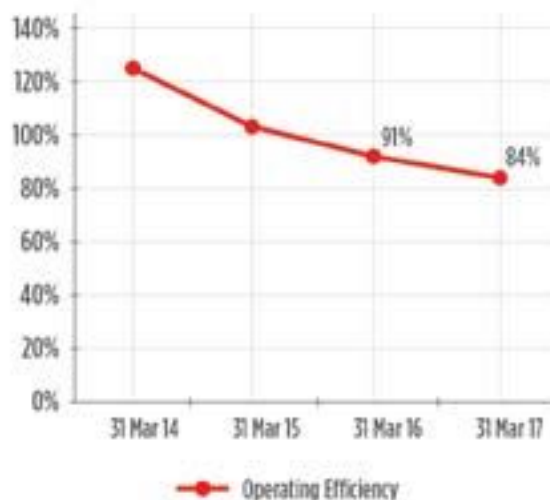
Operating Expenses

Operating expenses increased 50% over the prior year, due to the build-out of the company's structure in terms of staffing, infrastructure and brand presence. Notwithstanding the increase in expenses, operating efficiency improved over the prior year by 7% closing the financial year at 84%. The main cost drivers included staff expenses and office rental, which accounted for 57% and 10% of total expenses respectively.

Operating Expenses



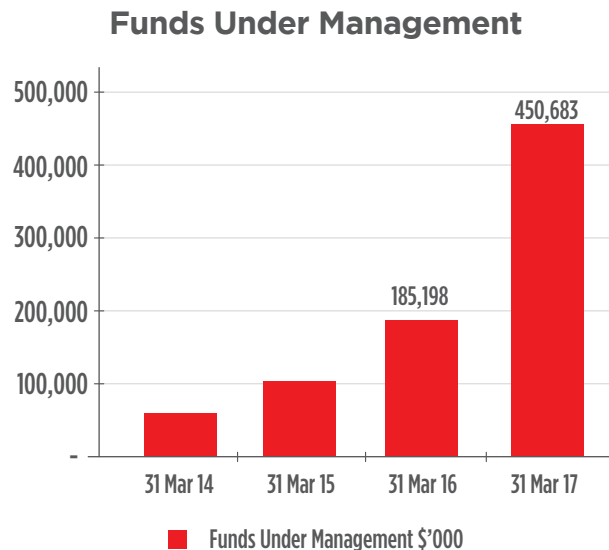
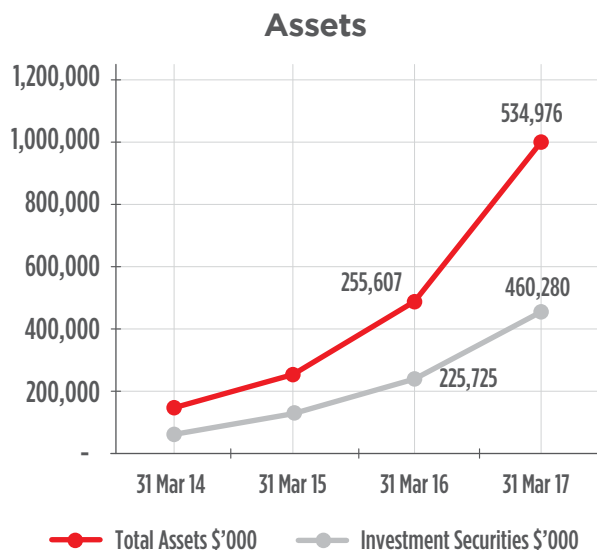
Operating Efficiency



Balance Sheet

Total assets registered exceptional growth of 110% over the year with the investments portfolio being the main contributor to the increase. Investment securities closed at TT\$460 million, representing a 104% increase over the prior year and 86% of total assets.

A comparable increase was seen in the Securities Sold under Agreements to Repurchase (Repo) portfolio, which grew by 143% to close at TT\$450 million at the end of the financial year.



2017/2018 STRATEGIC FOCUS FOR JMMB IN TRINIDAD AND TOBAGO



JMMB Trinidad and Tobago's continued growth hinges on our ability to differentiate ourselves in the way we serve our clients, having fully engaged and empowered team members, robust and efficient platforms, systems and structures and an intense focus on implementing 'right fit' technology. All of which ensures that we remain relevant in this new and rapidly evolving technological landscape.

As such, our key initiatives in the coming years will encompass the following:

- Embed our Client Experience Framework including client experience design, insights, governance and measurement, leadership strategy and culture and team engagement.

- Strategies to support team engagement, motivation, exceptional performance and overall happiness in serving our clients
- Increase revenue generation capacity by developing both internal and external sales team as well as encouraging cross sell among entities based on clearly set targets, monitoring and reward and recognition
- Continuous training and development of team members who are well equipped to provide expert financial advice and partnership to clients.
- Innovative products and services that satisfy our clients' needs in this evolving digital age.
- Three year cost reduction strategies aimed at improving operating efficiency.

While we acknowledge the uncertainty surrounding the local economy, we are excited about the future of the financial services industry in Trinidad and Tobago and JMMB stands ready to drive the Group's expansion into the local market.

JMMB DOMINICAN REPUBLIC

I. COUNTRY STRATEGY OVERVIEW & PERFORMANCE

The JMMB Group of Companies in the Dominican Republic (DR) continues to be a relatively new entrant to the DR's financial services landscape. As we complete a period of acquisition and business line expansion, our teams worked intensely in financial year 2016/2017 to establish the JMMB brand in the DR and set up key enabling operating technology and systems infrastructure. In doing so, we have continued to successfully penetrate the DR market as our client base continues to grow and, our teams continue to be known as responsive to clients' need and as experts offering value added solutions and services. We are encouraged by the progress made during the year under review to better position JMMB DR to more fully serve the needs of the DR market and deliver on our promise of financial partnership and easy, enjoyable and empowering solutions which have our clients' best interest at heart.

For financial year 2016/2017, JMMB Puesto de Bolsa S.A. recorded profits of RD\$68.55 million while Banco de Ahorro y Crédito JMMB Bank, S.A., JMMB Sociedad Administradora de Fondos de Inversión, S.A. and AFP JMMB BDI, S.A., start –up companies in the JMMB DR's Group of Companies, recorded a combined loss of RD\$79.46 million. The performance of the start –up companies in the JMMB DR was anticipated as the team's focus was on developing and integrating the companies which received regulatory approval for operations in financial year 2015/2016.

Having received regulatory approval from the local authorities in the previous financial year for the acquisition of 90% of shares of Banco de Ahorro y Crédito Rio, SA, financial year 2016/2017 saw the DR team intensely focusing on the integration of the assets and liabilities of Corporación de Crédito America (CCA) to the newly rebranded Banco de Ahorro y Crédito JMMB Bank. Critical elements of this operational integration included the implementation of the new core banking system and other key processes to support service delivery, as well as team member integration and training.

JMMB DR's Funds Administrator company, Sociedad Administradora de Fondos de Inversión (SAFI), which started operation in the previous financial year, is currently in its first phase of product development and offerings, as a strategy to build the volumes and the critical mass required to start generating profits. As this business line embarks on its diversified product offering strategy aimed at driving the growth of the business, our teams are committed to the delivery of tangible value to the DR market and, in particular, offering products that address unmet needs in the market. We therefore expect that our sales strategy focus on new target market segments and a deep commitment to cross sell our products to the JMMB DR's current client base, will result in robust and stable market penetration and ultimate profitability in the medium term.

For our pension business, AFP JMMB BDI S.A. (AFP), we focused on continuing to put in place the full operational infrastructure required by our local regulator prior to the official launch of this business line. We are well underway in the completion of key operational elements including

the implementation of a technology platform and other administrative and sales processes to support the seamless delivery of pension services. We expect AFP to be fully operational by the second quarter of the coming financial year and anticipate that the team and solution offering will bring value to the people of the Dominican Republic.

Financial Performance

The DR Group of Companies recorded total operating revenue net of interest expense of RD\$439.67 million. JMMB Puesto de Bolsa, JMMB DR's investment arm, was the primary contributor to this figure contributing RD\$346.74 million of the total. Consolidated total assets stood at RD\$10.31 billion and again, the company contributing most significantly to this result was Puesto de Bolsa whose assets grew from RD\$8.42 billion to RD\$9.29 billion during the period.

As we reflect on financial year 2016/2017, we are encouraged by the progress made which has served to expand JMMB's regional footprint in DR's financial services landscape. In the coming year, our teams remain committed to creating a sustainable foundation for growth in the medium and long term for JMMB in the DR.

ii. ENTITY OPERATIONS & FINANCIAL PERFORMANCE JMMB PUESTO de BOLSA S.A.

Resilience in the face of a Challenging Market

Competition in the Puesto market (securities market) in the DR has increased significantly in the last three financial years as a result of an influx of new market players and the addition of new products and services. For JMMB Puesto de Bolsa S.A., JMMB's flagship company in the DR, financial year 2016/2017 was marked by this increased market competition and performance was punctuated by pressure on the FX rate which impacted interest rates and liquidity several times during the year. We thus applied a conservative strategy in order to preserve spreads, always maintaining high cash reserves to respond to the cyclical pressure in compliance with our risk policy. The team additionally continued to focus

on leveraging the strength of the JMMB brand in the Puesto market concentrating, in particular, on enhancing our service experience and Client education as a means of maximizing earning returns on their assets and investments.

Financial Performance

As at year-end, the company's total equity stood at RD\$1.26 billion with total assets of \$9.29 billion. In terms of income, Puesto recorded Operating Revenue of RD\$346.74 million generated from net interest income, capital gains and trading. Total Funds Under Management grew from RD\$7.72 to RD\$ 7.77 billion in FY 2016/17, representing an increase of 1% over the prior year.

Outlook for 2017/2018

Given the current market climate, the JMMB Puesto team will continue to focus on growing market share by offering personal advisory services to retail clients and more intensely targeting Government institutions and corporates.

BANCO DE AHORRO Y CRÉDITO (JMMB BANK, S.A.)

Building Banking Business Solutions for our Clients

During the year under review, our team led priority projects focused on building the foundation for enhancing the growth of the credit portfolio, improving the quality of credit, increasing our efficiency and implementing core enabling technology to support the bank's operations.

Additionally, as the team focused on improving revenues and enhancing operational efficiency, many initiatives were undertaken to ensure that we achieved specific short term performance indicators and objectives. Some of our successes include:

- the acquisition of the assets and liabilities of the Coporación de Crédito America
- sustaining the growth of our Credit Portfolio as we ended the period with total value standing at RD\$656.54 million, which represents a 64% growth year-over-year.

- diversification of the active portfolio by new client acquisition.
- the growth of our deposits portfolio to \$1.02 billion which represents an over 68% year-over-year increase.

Financial Performance

Despite these accomplishments, there were several other factors related to portfolio provisions and restructuring expenses which negatively impacted our results for the year.

Towards this fiscal year end, the company's total Equity stood at RD\$158.85 million and total assets of RD\$1.20 billion. In terms of income, JMMB Bank recorded Operating Revenue of RD\$80.52 million generated from interest on loans and investments as well as Cambio and commission fees.

Outlook for 2017/2018

As we continue the transition of JMMB Bank, S.A., we are confident that in the new financial year our clear focus on bringing better services and solutions to our clients in the DR and enabling our team to deliver a differentiated experience grounded in JMMB's culture of love and client partnership will yield favorable results. It is therefore our main medium term objective to turn JMMB Bank into a key player in the market by increasing our portfolio, targeting new markets, developing new products and deepening our relationship with clients. We believe our strategy of focusing and working with our target market segments to bring them differentiated services to better serve their needs and life goals will allow us to be in a much better financial position in terms of results and market penetration.

For Retail Banking we will have a dedicated team serving our clients and a smaller team offering personalized banking services. We will be, in particular focused on meeting client needs through consumer loans, payroll loans, vehicle loans, and mortgage facilities.

For Business Banking our main objective is understanding and meeting the needs of small and medium sized companies. Given that this segment has very specific needs in the DR

market, our objective is to position ourselves as a financial entity that understands and cares about the unique needs of these tiers of businesses and the environments in which they operate. We are therefore aiming to offer flexibility and expert advice as support to the growth of businesses and will be, focused on meeting client needs through commercial loans, credit lines, and currency exchange. To achieve these goals, our major project for the next financial year will be the roll out of Internet Banking.

JMMB SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN, S.A. (JMMB FUNDS)

Product Innovation, Meeting the Needs of the DR Market

During financial year 2016/2017, our Mutual Funds business line in the DR, JMMB Sociedad Administradora de Fondos de Inversión (SAFI), was primarily focused on increasing volumes and launching new products as part of its product diversification strategy and effort to better serve the DR market. In line with this, we successfully launched our first Real Estate Investment Fund (REIT) product in July 2016. We are particularly proud of this product as it was the first USD REIT Fund in the DR and thus a major win for our Group of Companies in the DR and, more importantly, tangible delivery of value to the people of the Dominican Republic.

We also introduced in February 2017, a 365-day fund product, Rentabilidad Dinámica, an open-ended investment fund offering gains and recurring income through diversified investment in public offering securities denominated in Dominican pesos and/or US dollars. The fund, the only one of its kind in the DR, was launched to meet an unmet need in the DR market for clients with a higher risk profile that needed higher returns by offering a medium term fund alternative yielding higher returns.

With the launch of these new products, we are confident that we are on the right path as every new offer launched has experienced increased volumes throughout the year, indicating that there is attractiveness and readiness in the market for these types of offers.

Financial Performance

Our first Money Market Fund, Fondo Abierto Money Market, as of March 31, 2017, finished the financial year with over 400 investors and assets under management of RD\$204.39 million, increasing 54% and 49% respectively, from end of FY 2016/2017.

The Real Estate Investment Fund finished the financial year with assets under management of USD\$6 million and over 50 investors. The Rentabilidad Dinámica Fund which started in February 2017 ended the year with assets under management of RD\$167.87 million and over 50 investors.

Towards this fiscal year end, the company's total equity stood at RD\$20.11 million and total assets of RD \$34.21 million. In terms of income, JMMB Funds recorded Operating Revenue of RD\$8.39 million generated from interests on investments as well as administration fees from the three Funds.

Outlook for 2017/2018

Moving forward, JMMB Funds will focus on augmenting the JMMB DR's value proposition in the market as well as the creation of innovative products that complement the existing offerings. Through innovation, we are confident that we will continue to bring to the DR market value added solutions and services which we enable our clients to better realise their financial business and life goals. We remain optimistic about the opportunity and the future that we bring to the Funds Administration market and anticipate another year of growth and the addition of value to the DR funds market.

2017/2018 OUTLOOK FOR JMMB IN THE DOMINICAN REPUBLIC

We acknowledge that the new financial year will come with challenges as we continue efforts to grow our bank and scale our two start-up companies. We, however, remain committed to ensuring that our focus on laying the foundation for a sustainable and profitable portfolio of companies in the DR will support our integrated financial services model and overall value proposition to the market. To this end, our focus in the coming year will continue to be:

- Growing the market share of our investments business lines;
- Nurturing our two start-up companies;
- Putting in systems and technology to support the growth of our Banking business line;
- Emphasizing client segmentation to support integrated sales across all our business lines;
- Implementing a seamless system for referrals across all our business lines; and
- Increasing operational efficiency by streamlining key service delivery and administrative processes while further integrating our operations to extract synergies and increase efficiencies.

2017/2018 STRATEGIC FOCUS FOR JMMB IN THE DOMINICAN REPUBLIC



We anticipate further growth, innovation and market penetration in the coming year and look forward to further distinguishing the JMMB brand in the DR financial services landscape.

OUR GROUP STRATEGIC FOCUS 2017/2018

As we seek to grow our business lines across the region, financial year 2017/2018 will see us further refining our strategic focus with specific attention on Leadership and People Development.

Leadership and People Development

This area, a central part of our DNA and culture since our inception, will see an increased focus as we build and strengthen our people capabilities as an essential part of our strategy going forward. We know that what differentiates us is an experience that is not learned or taught; it is felt, as it comes from the heart. It is standing for the greatness of all that has made a difference in people's lives and created bonds of love in every interaction we have as teams and with our clients; it is who we are and continue to strive to be.

Our highest aspiration is to build a JMMB where team members see each other as family, forgive, coach and build trust with each other. We want, therefore, to put more intense energy behind rolling out training and development programs that make our core values and Vision of Love real for our teams and equip our team members at all levels of our Group to better embody and stand for them. As a start to this, we will be embarking on:

- **Coaching Program** – to formally create a culture of mentorship;
- **Leadership Partnership Guide** – to ensure that leaders are accountable for our 'ways of being and doing'; and
- **"Leadership the JMMB Way"** – to build specific leadership competencies at all levels of the Group.

Improve Sales Productivity and Capacity

We will continue to focus on rolling out technology and processes across the Group to better equip our teams to start, manage and maintain client relationships and, in a more fulsome way, ensure we are truly configured to help our clients achieve their life goals. We will also be building our people

capacity and competencies by increasing our sales teams as a percent of total team members as well as sales training and coaching to improve sales productivity. In the coming financial year, we are committed to making planning, tracking, referring, cross-selling, closing and reporting easier for our sales teams across the Group, thereby increasing the number of goals started and achieved for our clients.

Embed Client Experience and Financial Partnership Culture

Our work towards achieving client centricity is well underway. Our focus going forward, however, is two- fold:

1. *Client Insight to Improve Experiences and Predict our Clients' Needs*

This includes improving our ability to listen to our clients to gain insight that can truly help improve experiences with us. This is particularly important as, in continuing to roll out new channels and client touch points, our ability to capture feedback that can be analysed and acted on to address pain points and predict client needs, is central to our ability to create easy, enjoyable, empowering experiences that are in our clients' best interest.

2. *Partnership and Relationship as Key Differentiators*

We will have a more intensified focus on leveraging our expertise in financial partnership and genuine relationships as a key differentiator in the markets in which we operate. We believe that as we create a bond of love in every interaction we have with our clients, we are better able to understand and meet their needs and, through partnership, we stay in their world.

Operational Efficiency

Our efficiency efforts will continue in the coming financial year and going forward, we will increase our efforts to:

- implement a structure for better oversight of Group, Country and Entity operations

- streamline our operations across the Group to ensure that there is clear linkage to our Target Operating Model.
- gain synergies by equipping cross- functional roles to operate more efficiently and continuing to implement standardised processes across the Group
- remove duplications in software applications and systems across the Group particularly for core business lines

With this focus, we expect to see yearly improvement in our business lines' and Group's efficiency ratios and overall, be better positioned to hit our 2017/2018 profit target.

In the coming financial year, we have a number of critical projects and activities to continue, start and/ or complete that are central to maximizing our regional presence, the further roll out of our integrated financial service delivery model and the growth of various business lines across the Group. These initiatives are outlined in the table below:

Major Initiatives 2017/2018

Initiative		Country
1.	Launch Commercial Banking	JA
2.	Pension Services Start-Up	DR
3.	Internet Banking Roll Out	DR
4.	Core IT Platform Implementation	DR
		JA
		T&T
5.	New Integrated Branches	JA
6.	Integrated Sales Enabling Technology	Group

We enter the new financial year, the 25th year of our operations, confident that we will continue to make significant advancements in the build out of our regional integrated financial services model and stand committed to delivering value for all our stakeholders. We would like to particularly thank and acknowledge our many loyal clients, shareholders and team members who have been our family, seeing us grow locally and expand regionally, and for whom we will continue to build the JMMB Group with their 'Best Interest at Heart'.

A close-up photograph of a young Black man with short, dark hair, wearing a red, blue, and white plaid shirt. He is sitting and looking down at an open book, with his right hand resting on the pages. The background is a soft-focus outdoor setting with green foliage.

Standing for...

happiness and
laughter.



Group Executive Team Leaders



PETA-GAYE BARTLEY
GROUP CHIEF INTERNAL AUDITOR

Peta-Gaye joined the JMMB Group team in 2016 as Group Chief Internal Auditor, with responsibility for determining the overall strategy and leading the execution of internal audits across the Group. She has brought to the position a wealth of knowledge and experience garnered from twelve (12) years of working in the internal audit field across various industries, primarily financial services.

At KPMG where she started her career, she undertook financial statement audits, and thereafter moved to PricewaterhouseCoopers Jamaica (PwC) where she held various senior positions and led internal audit assignments for several large to medium sized clients in Jamaica, the Cayman Islands and Antigua.

Peta-Gaye holds a Bachelor of Science degree in Accounting and Management Studies from UWI, Mona and certification in internal auditing and fraud examination. She is a chartered accountant and a Fellow of the Association of Chartered Certified Accountants (U.K.).



DAMION BROWN
GROUP CHIEF RISK OFFICER

Damion's 10-year journey in finance has been one led by passion and delivered with purpose. Always possessing a keen interest in finance and how it enables economic growth and improvements in people's lives, Damion has built a career that is defined by strong technical expertise in risk and macroeconomic analysis and investment management.

As Group Chief Risk Officer, he possesses certified skills and vast experience in the industry. His first professional assignment as an Economist at the Bank of Jamaica in 2003 prepared him well to enter the unique world of investment at JMMB, as an Investment Strategist in 2007. Within a year, Damion was appointed Market Risk Manager and, following a three-year hiatus from the Group when he was Principal at the Bermuda Monetary Authority, returned to assume his current position in 2012. He now has oversight of risk functions for the diversified financial services company, providing leadership to the risk management functions across the group. His responsibilities reflect the focus of the JMMB Group on maintaining its financial strength and ensuring that a robust framework is in place to safeguard shareholder value.

In addition to holding a BSc and MSc in Economics from the University of the West Indies, Damion also has several professional certifications including Chartered Financial Analyst (CFA Institute), Financial Risk Manager (Global Association of Risk Professionals), Professional Risk Manager (Professional Risk Managers' International Association) and Chartered Alternative Investment Analyst (Chartered Alternative Investment Analyst Association) designations.



CAROLYN DACOSTA
GROUP CHIEF COMPLIANCE OFFICER AND CORPORATE SECRETARY

Carolyn has provided the JMMB Group with over two decades of stellar service, beginning her stint in 1995 as a Branch Supervisor. She has held several senior positions including Branch Manager for JMMB's flagship location, Settlement Manager, Technical Operations and Compliance Manager.

She has operated in the role of Group Company Secretary since 2008. In this capacity, she has overarching responsibility for ensuring that the organisation complies with standard financial and legal practices and maintains the defined standards of corporate governance. As such, she oversees the establishment, implementation and monitoring of the Company's compliance and regulatory framework. In keeping with JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process, monitoring changes in relevant legislation and the regulatory environment and taking appropriate action.

Carolyn's professional qualifications include a Bachelor of Laws from the University of London, A Bachelor of Arts from the University of the West Indies, and an MBA in Finance from the Manchester Business School. Additionally, she is a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.



DONNA DUNCAN-SCOTT
GROUP CHIEF CULTURE & HUMAN DEVELOPMENT OFFICER

A true visionary and possibility thinker, Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to standing for the greatness in all.

Since 2005, she has infused her zeal for empowerment and transformation into her role as Group Chief Culture and Human Development Officer. Currently she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart.

Donna has a B.Sc. in Engineering, as well as an MBA from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the distinguished Chartered Financial Analyst accreditation.



KEITH DUNCAN
GROUP CHIEF EXECUTIVE OFFICER

Keith is the Group Chief Executive Officer at the JMMB Group of Companies and has responsibility for overall performance and charting the strategic direction of the Group.

A true visionary and strategist, he has built one of the strongest trading teams in Jamaica. His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. A former president of the Jamaica Securities Dealers' Association, he was involved in a partnership with the Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players. In March 2011, under his leadership, the Company was conferred with the prestigious Jamaica Chamber of Commerce 'Best of the Chamber Award' in the 'Large' category.

Mr. Duncan served as a Vice-President of the Private Sector Organisation of Jamaica from 2013 to 2015, Past President of the Jamaica Securities Dealers Association (JSDA) and continues to contribute his service to Jamaica through various roles, including his current appointment as Chairman of the Economic Programme and Oversight Committee (EPOC).

Keith served as Chairman of the National Youth Service from 2003 to 2009 and worked closely with the respective Boards and teams to fulfill the mission of creating and reforming Jamaica's youth to become purposeful citizens. Mr. Duncan is a founding member of YUTE (Youth Upliftment through Employment) and is currently a Director on the Board of YUTE Ltd.

He has the designation of Chartered Financial Analyst and holds a B.A. (Economics) from the University of Western Ontario in Canada.



PATRICK ELLIS
GROUP CHIEF FINANCIAL OFFICER

Since 2008, Patrick has held the post of Group Chief Financial Officer, a role which includes the oversight and execution of the Company's strategic and financial operations. Chief among his responsibilities are the preparation of financial statements, regulatory reporting, assessing the viability of possible acquisitions, as well as risk management for JMMB's operations in Jamaica, Trinidad & Tobago and the Dominican Republic.

Before beginning his stint at JMMB, Patrick served as a Director in the Audit Assurance and Advisory Department at PricewaterhouseCoopers (PwC), where he led the management of the audits of major companies in the financial and telecommunications industries in Jamaica and the wider Caribbean. His experience as a multi-sectoral relationship manager included preparing a company for private listing on the Securities Exchange Commission and audit certification pertaining to bond offerings in international capital markets.

Patrick holds an MBA (Finance) from the Manchester Business School and is also a Fellow of the Chartered Association of Certified Accountants (U.K.), a Fellow of the Institute of Chartered Accountants of Jamaica as well as a Certified Public Accountant.

Group Executive Team Leaders continued



PAUL GRAY
GROUP CHIEF INVESTMENT & TREASURY OFFICER

With over 20 years in the financial industry, Paul brings a wealth of knowledge and experience to his role of Group Chief Investment & Treasury Officer, having built a solid track record in asset management, trading and treasury management. In this capacity, he has Group oversight responsibility for the investment management framework, which includes portfolio build out and management, liquidity planning, funding and hedging strategies.

Paul is the Chairman of the Group Investment and Liquidity Management Committees and also serves on the Board of JMMB Insurance Brokers Limited and JMMB DR Sociedad Administradora de Fondos de Inversión S.A. He is a member of the ALCO committees of JMMB Merchant Bank and JMMB Bank Trinidad and Tobago Limited (formerly Intercommercial Bank Limited). In addition to the foregoing he is President of the Primary Dealers Association of Jamaica.

Paul has received professional training in treasury, asset/liability and risk management, both locally and overseas. He also holds a Master's degree in Finance from the Manchester Business Schools.



JULIAN MAIR
GROUP CHIEF INVESTMENT STRATEGIST

With over 20 years of experience in the financial services sector, Julian currently operates as JMMB's Group Chief Investment Strategist. In addition to his position at JMMB, he has played a significant role in the development of Jamaica's capital market.

His work experience includes positions at the foremost Jamaican financial institutions, as Head of Treasury and Investment Services at Dehring, Bunting and Golding Limited (now Scotia Investments Jamaica Limited) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica, in structuring Global Bond Issues. A former Managing Director of Lets Investment Limited, his leadership resulted in the boutique operation becoming a global player in the trading of internationally issued securities.

A founding member and current Vice-President of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director, including JMMB Securities Limited, JMMB International Limited, JMMB Puesto de Bolsa, Factories Corporation of Jamaica and the Jamaica Stock Exchange.



JANET PATRICK
FINANCIAL CONTROLLER - GROUP STRATEGIC PLANNING

Janet was appointed Financial Controller in 2007, having been promoted from her initial position of Chief Accountant, which she held from 1998.

In her current role, her extensive experience in accounting and auditing are called upon, as she has direct responsibility for the preparation of the Group's budgets and forecasts, management reporting and taxation.

Prior to joining JMMB, Janet garnered extensive experience in the financial sector, primarily as a member of the senior audit staff of KPMG, Chartered Accountants, working on major audit assignments and several special projects, spanning the financial, manufacturing and hospitality industries.

Janet is a Chartered Accountant with a Diploma in Business Administration (Accounting) from the University of Technology, Jamaica.



SHELDON POWE
GROUP CHIEF INFORMATION OFFICER

Sheldon currently serves as Group Chief Information Officer, following over a decade and a half of service to the Company. In his position as Head of the Technology Unit, he has a mandate to ensure a stable and secure electronic platform for the ongoing provision of services that enhance the efficiency and effectiveness of the JMMB Group of Companies. He is also responsible for creating and maintaining a highly professional, customer oriented and innovative IT function and developing and delivering a reliable IT strategy that drives excellent outcomes. Further, he directs the operations of JMMB's technology platform, ensuring network security and reliability, overseeing the data centres and frontline applications including online services, electronic transaction machines (ETMs), client care centre and other in-branch transaction processing systems, information security and IT disaster recovery.

Sheldon holds a Bachelor of Science degree from the University of the West Indies, Mona and a Masters degree in Industrial and Systems Engineering from the University of Florida. His expertise is supported by various certifications including Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Scrum Master and ITIL V3 certified.

Sheldon serves on the Board of Directors for JMMB Fund Managers Limited and JMMB Investments, Trinidad & Tobago.



KERRY-ANN STIMPSON
GROUP CHIEF MARKETING OFFICER

Kerry-Ann is an expert financial marketer whose strong passion for her craft has led to continued top-level performances, and a marketing career defined by excellence. With 15 years of marketing management experience in the financial services sector, Kerry-Ann added even greater heft to the JMMB marketing team in late 2012, when she assumed responsibility for marketing strategy development and execution for the JMMB Group, as Group Chief Marketing Officer.

Her professional journey in marketing began at the former Dehring, Bunting & Golding Limited (DB&G). Under her leadership, the marketing approach of the DB&G brand became synonymous with both a unique style of creativity, and pushing the proverbial envelop. In 2007, she assumed the role of Assistant Vice President, Marketing and Public Relations, at First Global Bank Limited; then moved to an expanded role as Assistant Vice President, Marketing, for First Global Bank and First Global Financial Services Limited, in 2008.

Kerry-Ann holds a Bachelor of Science (BSc) degree, with a major in Management Studies and minor in Economics, from the University of the West Indies and a Master of Business Administration (MBA), with a specialization in marketing, from the Robert H. Smith School of Business, at the University of Maryland (College Park).

Kerry-Ann is also a communication coach, a motivational speaker and (her personal favourite) a summer camp's counsellor for teenagers and young adults.



CLAUDINE TRACEY
GROUP CHIEF STRATEGY OFFICER

Claudine joined the JMMB Group team as Group Chief Strategy Officer in 2016, bringing a well-decorated career in risk management, strategic management, business analytics, project management, compliance and product development to bear on the role. She has a strong track-record of delivering results and providing innovative solutions to companies' challenges, while contributing significantly to revenue generation and/or cost reduction through the redesign of business processes and analytics.

She has garnered a wealth of experience in strategy, enterprise risk management, compliance, micro-small and medium-sized enterprises capacity building and new product development over her 13 year stint in the financial industry coupled with service at government entities where she held senior positions. Her strategic management and corporate planning expertise are supplemented by her human resource planning and research and project management knowledge-base.

Claudine holds a Bachelor of Science and a Master's of Business Administration (MBA) from the University of the West Indies, Mona in Economics and Psychology and Banking and Finance respectively. These are complemented by Certification in International Risk Management. Claudine is also an Accredited Director.

She is the Chairperson of Turner Innovations and sits on the board of Jose Marti Technical High School. In addition, she is a member of Global Association of Risk Professionals and Risk Management Society.

Heads of Country



KISHA ANDERSON
COUNTRY CHIEF EXECUTIVE OFFICER - JAMAICA

Kisha began her tenure with JMMB Ltd. in 1996, and has since worked in several areas of the Company's operations. Kisha currently serves as Country Chief Executive Officer of JMMB's Jamaican-based subsidiaries: Jamaica Money Market Brokers (JMMB) Limited, JMMB Merchant Bank Limited, JMMB Insurance Brokers Limited, JMMB Fund Managers Limited and JMMB Securities Limited (Jamaica).

Kisha has gained an in-depth understanding of the financial sector, through her extensive experience as part of the JMMB team and knowledge gained through her participation in a range of professional development courses including project management, retail banking, people management and securities. She entered the field with a degree in Environmental Sciences from the UWI, Mona. In November 2015, she completed a four (4) month Harvard Business School General Management Program, where she gained invaluable knowledge and exposure to new paradigms and techniques to support her strategic and leadership capabilities.

With her innovative ideas, solution-oriented work ethic and drive for excellence in performance, Kisha continues to play a key role in leading her team's contribution towards the realisation of the integrated financial services model for the JMMB Group in Jamaica.

She currently sits as a Director on the Boards of JMMB Insurance Brokers Ltd., JMMB Fund Managers Ltd., JMMB Securities Ltd., JMMB Money Transfer Ltd., JMMB Ltd., JMMB Investments (T&T) and JMMB Securities (T&T). She is a Justice of the Peace for Kingston.



GUILLERMO ARANCIBIA
COUNTRY CHIEF EXECUTIVE OFFICER - DOMINICAN REPUBLIC

Guillermo is the CEO of JMMB Puesto de Bolsa, S.A, and Country Manager of the Dominican Republic, a role he has held since 2006. He joined the JMMB family with over 20 years' experience in the financial sector specializing in commercial banking. He worked for over 19 years with the Citigroup in regional management positions for Latin America.

He had the responsibility for operations in the 14 countries in which Citibank operated. Guillermo also served as Manager of Corporate Communications, Products and Channels at Grupo Altas Cumbres and General Manager, Corporation Financiera Miravalles in Costa Rica, before joining JMMB.

He brings to the JMMB family a variety of skills including special skills in banking, prudent risk management, strategic financial planning and mergers and acquisitions.

Heads of Entities



RONALD CARTER
CHIEF EXECUTIVE OFFICER -
JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

Ronald is the Chief Executive Officer of JMMB Investments Trinidad and Tobago. His financial services and investment management experience spans 20 years across the Caribbean and the United States. He has held several senior positions in a number of top tier global financial institutions and successfully led businesses in wealth and investment management, capital markets and corporate banking. Ronald has significant technical experience in corporate finance and investments and has an outstanding track record in managing large and highly sophisticated investment portfolios. His career has been built through his all-embracing approach to management and focus on service. He is also a successful entrepreneur, having co-founded, built and sold a successful company that delivers specialized information management services to large and medium-size institutions.

Ronald holds a BSc. Honours in Business Management with a major in Accounting from the University of the West Indies and a Master of Business Administration with a concentration in Finance from the New York University-Leonard N. Stern School of Business.



KEISHA FORBES
CHIEF EXECUTIVE OFFICER - JAMAICA MONEY MARKET BROKERS LIMITED

Keisha Forbes has over 19-years' experience in the local financial services industry having joined JMMB Ltd. in 1997, as a Trading Assistant. Keisha was promoted through the ranks of the Trading Department where she successfully traded JMMB's portfolios in various capacities. Prior to her current role as CEO, she was Head of Trading and Treasury. She brings a wealth of knowledge and innovative thinking to JMMB Limited, which is evident in her solid track record.

Keisha provides leadership and oversight in the development and execution of the strategy for JMMB Ltd and JMMB Securities Limited. She is charged with the responsibility for the growth and development of the Company through its stock brokerage offerings, cambio services, portfolio management offerings, collective investment schemes as well as the overall asset management business line of the Company. With the support of her retail, corporate, trading and treasury teams, Keisha ensures that revenue, market share, profit targets and other key performance indicators are met.

Keisha holds a Master's degree in Banking and Finance from Mona School of Business, UWI and a Bachelor's degree in Business Management from Nova South Eastern University.



SHARON GIBSON
CHIEF EXECUTIVE OFFICER - JMMB MONEY TRANSFER LIMITED

An experienced financier who boasts over 15 years at the managerial level in the financial industry, Sharon Gibson, is the CEO of JMMB Money Transfer, JMMB Group remittance arm. Before joining the JMMB team, she held several senior positions at National Commercial Bank (NCB) including remittance, customer service, project management, product development and operations. She is the former manager for NCB Remittance Services. During her stint at that institution she climbed the ranks while broadening her experience serving as Product Development Manager, Customer Service Manager and Operations Manager. Also while at NCB, Sharon served as Chair of the Audit Committee of the NCB Cooperative Credit Union.

Sharon holds an Executive Masters of Business Administration (EMBA) from The University of the West Indies, Mona in addition to other professional designations including AICB from the Canadian Institute of Bankers. She also holds a Diploma in Management Studies from the Jamaica Institute of Management (JIM).

Heads of Entities continued



SHERON GILZEAN

CHIEF EXECUTIVE OFFICER - JMMB INSURANCE BROKERS LIMITED

Sheron Gilzean, was appointed to the post of General Manager of JMMB Insurance Brokers Limited in 2014. She boasts a wealth of experience with in depth knowledge of the insurance industry having amassed more than 30 years of experience in every facet of the industry. An expert in claims and underwriting, risk management, team building and relationship management, Sheron's career spans several local insurance companies and brokers.

Prior to joining the JMMB team, she served as Managing Director at Covenant Insurance Brokers for five (5) years. She also served as a part of the management team at British Caribbean Insurance Company following a 13-year stint at American Home Assurance Company. In addition to being an insurance practitioner, Sheron has been a part-time lecturer at the College of Insurance & Professional Studies since 2003. Her educational attainment complements her experience; she is the holder of both an undergraduate and postgraduate degree from The UWI, Mona and a Fellow Chartered Insurance Professional with the Insurance Institute of Canada.

An avid volunteer, Sheron serves as Treasurer for Kiwanis Club of Constant Spring and is the co-founder of the Norman Gardens Reading Club, mentoring at-risk children. In September 2016, she was awarded the Kiwanis Club of Young Professional Kingston, Jamaica, President's Award for her sterling contribution and advice to the President, Board of Directors and Chairman and her commitment to the Reading Club. She is also an Executive and Chartered Member of Jamaica Society of Insurance Professional and Technicians (JSIPT), which is responsible for maintaining the high standards of the insurance profession.



JUAN JOSE MELO PIMENTEL

CHIEF EXECUTIVE OFFICER- BANCO DE AHORRO Y CREDITO (JMMB BANK, S.A.)

Juan is a financial professional and entrepreneur with over 9 years' experience in business valuation, mergers and acquisitions. He has also worked in real estate, corporate restructuring, business planning and performance measurement in various institutions.

He has a degree in Industrial Engineering from the Pontificia Universidad Catolica Madre y Maestra and an MBA in Finance from the University of Comillas, Spain. In August 2009, he joined the family of JMMB as Director of Investment Banking.



NIGEL ROMANO

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - JMMB BANK (T&T) LIMITED

Nigel is Managing Director and Chief Executive Officer of JMMB Bank. He is a Chartered Accountant with extensive international banking and accounting experience, having worked in Indonesia, Hong Kong, Singapore and the Philippines.

Prior to joining the JMMB family he served as Vice President, Operations (Acting) at the Caribbean Development Bank, with responsibility for the Bank's Projects and Economics departments. He has also held several senior positions in banking, including CFO/Controller for Citibank's businesses in Trinidad and Tobago, Indonesia, Asia-Pacific, and the Philippines and Tax & Corporate Finance Partner at Ernst & Young in Trinidad and Tobago. At JMMB Bank, Nigel is charged with setting the overall strategic direction and delivering operational excellence ensuring that every client experience is easy, enjoyable, empowering and in their best interests.

As a strategic thinker, he has a reputation for delivering strong results and sustainable and profitable growth. Nigel holds a B.Sc. in Management Studies and an M.Sc. in Accounting from the University of the West Indies and is a member of the Institute of Chartered Accountants of Trinidad and Tobago. He is committed to life-long learning and growth and is currently pursuing his online MBA at the Jack Welch Management Institute.



JEROME SMALLING
CHIEF EXECUTIVE OFFICER - JMMB MERCHANT BANK LIMITED

Jerome joined the JMMB Group team in 2013. Boasting an esteemed 24-year career in banking, Jerome has honed critical coaching, sales leadership and business development skills to grow assets and profitability, while driving customer value at the financial institutions at which he was based. His career has included tenures as Scotiabank Branch Manager; Vice President, Personal Banking at RBC Caribbean and Manager, Branch Sales Strategy Initiatives at the RBC Royal Bank's National Office in Toronto, Canada.

Jerome's diverse and senior experiences in banking has allowed him, alongside a dedicated team, to steer the JMMB Merchant Bank on a path of profitability since being acquired as part of the Capital and Credit Financial Group.

He holds an MBA and a Bachelor's degree in Business & Professional Management from the H. Wayne Huizenga Business School, Nova Southeastern University, Florida USA. Jerome is also a Fellow of The Institute of Canadian Bankers and completed executive training at The University of Pennsylvania's Wharton Business School.



CHRISTOPHER WALKER
CHIEF EXECUTIVE OFFICER - JMMB FUND MANAGERS LIMITED

Christopher joined the JMMB team in September 2012, following JMMB's acquisition of the Capital and Credit Financial Group (CCFG). A veteran financier, having served over 16 years in the financial services industry, he was appointed to his current position at the helm of JMMB Fund Managers in April 2013. His tenure at CCFG ranged in responsibility from being the Business Development Manager of the Merchant Bank, to Manager of the Pension Fund Unit; Senior Manager - Client Services and Pensions; AVP - Wealth Management and lastly the Senior Vice President and General Manager of Capital and Credit Securities Ltd. (CCSL) and Capital and Credit Fund Managers (CCFM).

His position as Chief Executive Officer, JMMB Fund Managers Limited (JMMBFM) sees him continuing to offer expert leadership in guiding the strategic positioning of the company's off-book client portfolio, with particular focus on collective investment schemes (CIS) and pension funds.

Complementing his vast experience is a BSc. in Management and Economics from the University of the West Indies, Canadian Investment Manager Designation from the Canadian Securities Institute and a Masters degree in Business Administration (MBA) from the University of Liverpool.



Standing for...
the promise keepers.





Our Vision of Love

JMMB seeks to create an organisational environment in which team players can achieve their full potential. Accordingly, the teams at JMMB are committed to a long-term ongoing process of holistic development that recognises the complete development of the individual. JMMB is therefore, a medium through which individuals may have dreams for themselves; and can extend those dreams beyond the organisation into an infinite, prosperous and abundant society and universe. Each person is loving and respectful of each other, and represents an important link in a chain of LOVE, serving each other, sharing ideas, building each other. Hence the JMMB vision is shared by all team players.

The JMMB team is clear that the organisation is based on UNCONDITIONAL LOVE and MUTUAL RESPECT. This LOVE is expressed in ongoing day to day working relationships and performance. Unconditional love is expressed in every interaction and is the foundation upon which the organisation rests. Love motivates the JMMB team to serve our clients who are a very special part of our family. The driving force of the organisation is to provide opportunities for team players to expand their potential, to recognise the power within and their ability to fully express and manifest this power to the benefit of the individual, the organisation and the society. In the process, all individual and organisational goals are achieved.

This is the central ethos / philosophy of JMMB and becomes increasingly challenging as the organisation increases in size. This innovative approach to life represents a new way of looking at the world, where equality and equity are dominant. Hence, this represents a paradigm shift.

JMMB is therefore, actively and publicly involved in charitable and voluntary activities within the society and recognises and accepts its social responsibility, understanding that it has everything to do with JMMB which is part of the link in the wider chain. With this perspective, the JMMB team recognises diversity, while celebrating differences among

team members, realising that there are commonalities that bind members together. When this "One-Ness" is accepted, nurtured and developed, this enhances the ongoing implementation of the shared vision. The intention is to ensure that wherever conflict exists, we aspire to a positive outcome.

JMMB is committed to life in all its abundance. Accordingly, team players recognise the links between the organisation and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural environment in order to ensure sustainable development.

The atmosphere that JMMB is in the process of developing, may be defined as an energy field where overlapping circles of creativity, passion, excitement, fun and laughter coexist in a dynamic process that ultimately leads to higher and higher levels of self-actualization; hence, the achievement of the organisational mission. This is a loving, caring and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and practical aspects of work and life, between actualization and potential. There are no fears, no limitations, no boundaries. Team members are therefore expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to providing an open forum for ideas to be discussed, tested and implemented in order to help each other grow.

Team members, therefore, envision JMMB as the premier financial institution of its kind: successful, professionally managed with excellent team members giving exceptional client care and striving to achieve excellence in all areas of life. Team members see JMMB continuing to expand beyond Jamaica, retaining its spiritual characteristics and therefore, developing all the disciplines required for its continued success.

JMMB Joan Duncan Foundation



Renamed the JMMB Joan Duncan Foundation to clearly align with the JMMB Group, the vision of the Foundation is "To enable Jamaicans to tap into their potential for greatness and have their greatness impact their own lives, and enhance the lives of their communities." This transformation will ultimately lead to a more prosperous and abundant society.

As responsible corporate citizens, the JMMB Joan Duncan Foundation has a mission to develop, support and steward transformational initiatives in education and entrepreneurship to create and inspire positive change. Through the network of branches, team members are involved in outreach initiatives geared towards the empowerment of people and their communities. This commitment is grounded in the JMMB values of love, openness, honesty, integrity and care.

As an organisation with a strong sense of its corporate social responsibility, JMMB Joan Duncan Foundation's commitment to nation building and people empowerment was strongly manifested during the year in review.

eighteen schools were engaged, with eight of them having completed their three days of conversations and having started their nine month sustainability period.

A transformation project in collaboration with the Ministry of Education, "Conversations for Greatness" is designed to share principles and tools that support teachers, principals, and administration – all school personnel, to express the greatness within, and provide transformational leadership for, their students, which would impact the school's results. This is in support of the "Big Idea" which aims to see 80% of all students preforming at their required grade level in Math and English.

As responsible corporate citizens, the JMMB Joan Duncan Foundation has a mission to develop, support and steward transformational initiatives in education and entrepreneurship to create and inspire positive change.

NATIONAL PROJECTS

Conversations For Greatness

Continuing the thrust towards transforming education to meet the Vision 2030 goals, the national project of the Joan Duncan Foundation Conversations for Greatness continued with the roll out of the programme. As of March 2017,

We are very grateful to our funding partners and volunteers, who continue to support the programme which rolls out island wide in the coming year.



The following is a sample of anonymous responses given by staff members of select schools that have completed the CFG workshop. Some responses have been edited for clarity.

Question: “How has the workshop helped you to think differently about yourself?”



CONVERSATIONS
FOR GREATNESS

“

Instead of feeding the negative, self-limiting thoughts, I can CHOOSE to respond to challenges with a positive value system and transformational thoughts. There is greatness within me.

”

“

It has opened my eyes, heart, soul and mind more. I now believe that if I can think it, I can achieve it with COMMITMENT.

”

“

The workshop has encouraged me to be a positive team member, to take responsibility for my actions, to solve issues and to really care for others.

”

“

I now believe I can help the people I interact with, particularly my students, to discover the greatness within them and become the best possible version of themselves.

”

Y.U.T.E. - Youth Upliftment Through Employment Programme

This year, the Foundation supported YUTE Build III programme where three hundred young persons are engaged in training in general construction and heavy machinery operation from Youth Upliftment Through Employment (YUTE) Limited, a registered charitable organisation based in Kingston, Jamaica. Participants in this programme also benefited from transformational training workshops to impact their lives, by tapping into their potential for greatness.

Child Resiliency Program

Operating from three locations - YMCA, Boys Town and Falmouth All Age, the Child Resiliency Programme continued to support parents and their pre-adolescents, with strategies to prevent high risk behaviour in adolescence including violence and abuse. The programme seeks to build on the strengths of pre-adolescents and those things that are known to protect them. There are five arms to the programme: 1) Life skills training, 2) Academic support (primarily literacy), 3) Nutrition and Sports to reinforce life skills 4) Creative Expression to reinforce life skills and 5) Positive Parenting and Family support. 2016-17 saw more than one hundred and fifty (150) Grade five children and their parents participating in the programme.

EDUCATION

UWI Endowment US\$1million

The Joan Duncan/JMMB Endowment Fund valued at US\$1 million was established at the University of the West Indies (UWI). The endowment will provide scholarships and bursaries, student development and training programmes and support Mona School of Business Management (MSBM) academic staff development.

Scholarships

Equipping the next generations to be able to fully contribute to a prosperous society, academic scholarships and bursaries were provided to several individuals, ranging from primary to university levels, as well as for organising summer camps. Almost seventy (70) students received educational support from the Foundation.

Joan Duncan School of Entrepreneurship, Ethics and Leadership

On June 1st 2016, the 3rd Annual Joan Duncan Memorial Lecture was held at the University of Technology, Jamaica under the theme "Mining Gold! How do we monetize Brand Jamaica's Music success?". Keynote speakers for the event were Mr. Lloyd Stanbury, Entertainment Attorney & Consultant, and Mr. Josef Bogdanovich, CEO Downsound Records.



(L-R seated) JMMB Group Chairman, Dr. Noel Lyon, UWI Vice Chancellor, Sir Hillary Beckles and Acting Executive Director, Mona School of Business, Michael Williams recently signed the memorandum of understanding, for the UWI/JMMB US\$1m Endowment Fund. (L-R standing) CEO, JMMB Joan Duncan Foundation, Kim Mair, Donna Duncan-Scott, Group Executive Director, Culture & Leadership Development - JMMB and Keith Duncan, Group CEO - JMMB, were pleased to share in the special moment.



Pictured here are Patricia Sutherland (left), Chairman of the JMMB Joan Duncan Foundation and Kim Mair (right), CEO of the Foundation alongside the 2016/17 tertiary scholars: (L-R, front row) Vanessa Moo Young, Kedon Williams, Tashoy Adrian, Chardonnay Lewis, (L-R, back row) Sheryl Reid, Kristeena Monteith and Dominic Anderson.

Read Across Jamaica

We are pleased to have once again participated in Read Across Jamaica Day. Team members from all branch locations, read to students at various schools in these locations, demonstrating to the young, the importance of reading and literacy to overall development. Books were then donated to the school or class libraries.

JFF Coaching School

We are pleased to have maintained our partnership with both the JFF and UTech, as we supported the advancement of the national football programme through sponsorship of the JMMB/JFF/UTech Coaching School. We are committed to helping the Jamaica Football Federation (JFF) raise the standard of local coaching, and to the development of a uniform coaching philosophy, because of the important role sports plays in the development of the whole person.

Coaches across the island continue to respond positively, taking on the challenge of equipping themselves to adequately train the talented youngsters who represent Jamaica in the sport on different levels; to turn talent and inspiration into results, and ultimately to continue to inspire positive change in our society, through the very important avenue of sports.

ENTREPRENEURSHIP

In fulfilling our promise to support a competition among tertiary institutions to develop innovative business plans, this year, the JMMB Joan Duncan Foundation once again sponsored the UWI Venture Challenge Competition. Teams/individuals were invited to present their business plans to a panel of independent judges with the aim of convincing them that they could be most successful in implementing their business plan and achieving the business goals that have been outlined. The winner of this year's competition was Biztech, a financial start-up company that offers loans to tertiary students.

COMMUNITY INVOLVEMENT

"Recognising the link between the organisation and the wider society and the inter-relatedness of all life", our branches and team members continue to be active in the communities within which they operate.



Patricia Sutherland (centre), Chairman, JMMB Joan Duncan Foundation assists in the harvesting of sweet peppers alongside Denzil Garrison (right), Papine High School student during the handover of the school's greenhouse, which was donated by the Foundation and Food for the Poor Jamaica. Executive Director, Food for the Poor Jamaica, David Mair (right) is also on hand to help.



Desiree Robins, dance instructor, gracefully leads a dance session at Liberty Academy at the Priory while Kim Mair (right), CEO of the JMMB Joan Duncan Foundation, the philanthropic arm of JMMB Group, joins in the session. The dance class includes: (front row, L-R), Thalia Grant, Alexis Wynter, Beyonka Mighty, Krishelle Banton, (second row, L-R) Brianna Wright, Hope-Divine, Aeja Anguin, (back row, L-R), Rihanna Rodney and Tsehai Young.



Representatives from the top teams in the 2016 Vincent HoSang UWI Venture Competition, Antonette Newell (second left) of Jamaica Jammin' (2nd place), Oshane Creary (third right) of BizTech took the top prize and Kim-Loy Chung, Bow Ties by Kymm (3rd place) is flanked by (L-R) competition advisor, Douglas Lindo, Janice Julian, Marketing and Public Relations, Caribbean Food Delights and Vincent HoSang Family Foundation and Kim Mair, CEO, JMMB Joan Duncan Foundation, the philanthropic arm of the JMMB Group. The Joan Duncan Foundation, the philanthropic arm of the JMMB Group, is the main sponsor of the competition in keeping with its mandate to support and nurture young talent through entrepreneurship and education.

The teams devote their time, talent and financial assistance towards various activities, as they seek to empower individuals within their communities. During the course of the year, team members were involved in activities across the areas of education, sports and general outreach.

Labour Day & 5Ks

In championing community development, the JMMB team joined forces with the Forestry Department in the national Labour Day initiatives, with a major tree-planting exercise (1250 trees) in Silent Hill, Manchester. Team members also supported renovations to Ocho Rios Primary School and various hospital activities.

JMMB team members as well as their friends and families, donned their sneakers and took part in many 5Ks including Sagicor Sigma, Food for the Poor, Jamaica Reach to Recovery's Pink Run and UWI/CB for Education.

August Town Sports Development

Acknowledging the importance of sports as an intervention strategy in community development, the Foundation's relationship with the August Town Sports Development Foundation continues with the support of their various football programmes designed to keep at-risk youth involved in positive extra-curricular activities.

Pickney Love Children's Treat

Children and caregivers of Mustard Seed Community were feted by the Foundation at the Pickney Love movie treat held on May 7th, 2017 at the Palace Cineplex. Squeals of delight could be heard as they watched Disney's "Zootopia" and were treated to popcorn and hot dogs served by JMMB team members.

CUMI - Committee For The Upliftment Of The Mentally Ill

The Foundation continues to support this outstanding programme to provide a comprehensive rehabilitation programme which includes activities which are designed to improve the lives of those who face mental challenges as well as homelessness. Participants are empowered to live normal, productive lives within their families and society, through the imparting of the necessary knowledge and coping skills.

Team members also participated in the annual fundraising event CUMI 'Come Run' event in September, for which the Foundation was a major sponsor.



UTech Business Model Competition entrants, explains their innovation to Kim Mair, ceo, JMMB Joan Duncan Foundation, Burchell Whiteman, JMMB Joan Duncan Foundation board member

Over J\$1M To Haiti Recovery Efforts

Through Food for the Poor, Jamaica, the Foundation donated over J\$1million from team members which was matched by JMMB, to provide emergency relief to the people of Haiti following the passage of Hurricane Matthew.

Shoes For NYS

JMMB team members generously supported the National Youth Service 2016 summer programme shoe drive volunteer project 'From your heart to their sole,' raising \$70,000 to provide shoes for back-to-school for persons who were not be able to afford school shoes.

Consistent with our Vision of Love, we extended our support to initiatives spearheaded by the wider society. As such, our team participated in various events during the course of the year. These included, but were not limited to, various community-based activities including fundraisers for school events, church outreach programmes and sporting activities.

Transformational Training

Underpinning all activities of the Joan Duncan Foundation is the recognition of the importance of the person and their social intelligence, and how this affects all areas of their lives. Recipients of funding from the Joan Duncan Foundation are given the opportunity to participate in a one-day course engaging them to tap into their talents, fuel their passion and empower their lives. Topics addressed include "Understanding of Self, Your role as a citizen of Jamaica", and "Recognizing your greatness" among others. Staff of a children's home, YUTE participants, football coaches, scholarship recipients, and community members are a few of the beneficiaries who have attended courses.

We recognise that, as part of the JMMB family, it is our responsibility and our purpose to support the building of our society and we are thankful that God has enabled us to make our contribution to this important effort.



David Mair, Executive Director, Food for the Poor- Jamaica is pleased to receive a donation of one million and forty-four thousand four hundred and seventy-four dollars (J\$1,044,474) from the JMMB Group towards the Haiti Relief Fund being coordinated by that organisation. On hand to make the presentation last week at JMMB Group's head office are Patricia Sutherland, Chairman of the JMMB Joan Duncan Foundation, the philanthropic arm of JMMB Group and Keith Duncan, CEO of JMMB Group.



Country Manager of JMMB Group, Jamaica operations, Kisha Anderson (left) is the picture of a happy blood donor as she is assisted in the process by Nurse Latoya Pusey of the National Blood Transfusion Service, during JMMB Group's annual blood drive, which took place at its head office in New Kingston on April 7. Scores of team members from the corporate area and Portmore branches, along with family and friends also came out to support.



*Standing
for...* the
little
ones.

Elaine Evans would have it no other way. Being the senior caregiver of the JMMB Nursery for the past 21 years has been her greatest life fulfillment, and she's only too happy to share that "I would not change my job for the world."

Away from her daily routine of supervising naptimes, meals, baths and an assorted checklist of engaging in child-friendly activities, Evans is on a rare day off from the chorus of kiddie laughter, tears and demands she's all-too-familiar with, and it's a bittersweet moment as she is eager to return.

Evans takes great pride in the provision of childcare, and particularly so, for employees of JMMB who entrust their young ones to her care and that of the other six staff members of the nursery each weekday morning.

"Knowing that I can make parents happy and comfortable so they perform their jobs efficiently, after they have entrusted their dearest ones in our care, is an indescribable feeling," Evans noted. "Kids make me happy; they bring so much life and light into the world, and I always feel younger around them," she gleefully noted. For Evans who grew up in St Elizabeth, and is one of eleven children for her late pre-school principal mother, it was natural and almost serendipitous that she too, would become a caretaker of children.

Her life's course towards managing an operation with infants as young as three months, to adolescents eighteen years, was not simple happenstance. She considers it a distinct honour that came about at the gentle nudging and suasion of the late JMMB Co-founder, Joan Duncan.

"I had started working at JMMB in July of 1994 as an office attendant, and I remember sometime in 1996, I was in the lunch room, and I was approached by Miss Duncan to come into her office. She always liked to call on staff to come into her office to talk," Evans recalled. The meeting, she said, saw Duncan asking her what her long-term career ambitions were. "I told her I liked catering and enjoyed being with kids, and she told me to stop right there," the future nursery head-to-be reminisced. "Miss Duncan told me to register in a practical nursing school, and her daughter Patricia went about enrolling me in a six-month course of study."

Upon successful completion, Evans was tasked to have JMMB's nursery up and running, and did so, with a passionate zeal matched by her genuine love of service. Growing up in a space where she saw her own having to keep guard of children in their early developmental years, and herself too, having to look after children as a pre-school supervisor back home in St Elizabeth, life came full-circle. Today, as the lead person for a facility that in 1996, opened with three children in its care, and today, looks after thirty-five on a daily basis, and during the summer months, oversees as many as 100, Evans is proud of the road she has travelled.

"It's fulfilling to know that I have given back and can see the fruits of my labour," she said, noting that in the 20-year history of the nursery, a number of babies in her care who have matured into adulthood have in fact, maintained contact and would on occasion pay her visits to catch up and check in.

"It's a great feeling being able to give children a good start," added Evans, who sees her life, post-retirement years, hopefully including starting up a 24-hour daycare business. "Although things and time have changed, I am most proud that the JMMB nursery has been able to maintain good service and satisfy the parents who are my fellow team members."

Our Client Partnership

At JMMB Group we acknowledge our many wonderful clients, associates and other stakeholders who have continued to partner with us toward beneficial outcomes and mutual financial success. Our goal continues to be the undisputed leader in client care through Love, Integrity, Fun and Togetherness across the JMMB Group.

Further, we choose to love unconditionally and care for our clients as we would our own family. Through our continuing efforts, to deepen our shared understanding and enhanced focus on our common humanity and build what we describe as the “JMMB family”, we seek to manifest the greatness in each other, our families, our communities, and our region.

Across the Group, we have sought to ensure the consistency of the experience that is delivered to our clients. To this end training in **JMMB’s Client Partnership Culture** continued in all our regions. This training was assessed and validated using our client satisfaction and engagement survey across the territories with average Client Satisfaction and Client Loyalty scores well above international benchmarks for financial services.

Additionally, to support our consistency across territories, the Group has established a **Client Partnership Standard** which seeks to set the benchmark governing the interactions and behaviour of team members, directors and sub-contractors in the delivery of client care, both internally and externally. Mystery shopping was used over the last year and will continue to be used to assess adherence to this Standard.

Our commitment to client care and in keeping with our Vision of Love, we continue to design, monitor and measure our client experiences across the Group. The feedback from our clients has been strong under the themes of Trust, Feeling like Family, Warmth and Great Financial Advice, it is this relationship with our clients, that continues to ensure that the JMMB Group builds heart to heart connections and genuine client partnerships.

Standing for...
manifesting the greatness in
each other, our families, our
communities, and our region.

OUR TESTIMONIALS :

Dominican Republic

Service Excellence- “I feel very pleased with you, mainly in the service of your employees. I consider myself as a low investor since i’m just starting but you treat me as if I were the only and most important investor. I recommend you to everyone who asks me.

Trust and Security- “I feel that my investments are secure with you, i trust in the seriousness of JMMB as a Company.”



“

TRUST AND SECURITY

“I feel that my investments are secure with you, I trust in the seriousness of JMMB as a Company.”

”

Trinidad and Tobago

Actually, all the staff I have interacted with have delighted me with their politeness, concern, care and competence.

I like the fact that JMMB is different. From the ambience in the banking hall, of the decor to the lighting, everything about the bank is different in a positive way. The fact that I can sit instead of having to stand up in a line really stands out to me. The fact that I can have coffee at the bank really stands out to me. The entire touch and feel of the bank is positively unique and I encourage those taking the lead to keep it that way. Do not become an old stuffy conservative institution!

“



REVIEW

Actually, all the staff I have interacted with have delighted me with their politeness, concern, care and competence.

”

Jamaica

Mrs. Alison Kelly called to share the story of her challenges of funding education for her daughter Anna-Kay, and how she felt about the service provided to her by Centugo Williams, Financial Solutions Manager – JMMB Investments:

She explained that it started years ago during a brief conversation with Centugo when she mentioned, in passing, that she didn't have money to send her daughter to UTech. She had applied for a loan at her Credit Union but was getting stuck with it and was running out of time. She says the moment she mentioned it to Centugo he immediately sprang into action and outlined a JMMB solution that would work for her. She says he patiently explained the process and managed her fears and questions with great sensitivity and caring.

Eventually her daughter completed UTech and moved on to Norman Manley Law School (NMLS). Centugo was again able to assist her to arrange a loan for the payment of those fees. She says he followed up over the years and kept encouraging her at each stage of her daughter's journey. Her daughter recently graduated from NMLS and is now an Attorney-at-Law.

“



REVIEW

“If it wasn't for Mr. Williams and JMMB she wouldn't be where she is now.”

”

It was clear from the call that Mrs. Kelly is very proud of her daughter and thankful for JMMB's support in her daughter's achievement. In fact, her words were "If it wasn't for Mr. Williams and JMMB she wouldn't be where she is now."

OUR CLIENT EXPERIENCE KEY PERFORMANCE INDICATORS

Across the Group we have continued to monitor, measure and design activities that improve the experience that our clients have in every interaction with us. Over the Financial Year 2016/2017, our key indicators of customer-focus have been Client Satisfaction, Client Engagement, Net Promoter and CX Maturity Scores. Using international benchmarks for financial services, all territories have continued to show percentages of customer satisfaction and loyalty above what is set internationally.

OUR CLIENT EXPERIENCE FOCUS: INSIDE & OUT

Client Experience Day, a global day of recognition for client experiences, was celebrated for the second consecutive year across the JMMB Group. In Jamaica, team leaders shared special tokens of JMMB's sincere appreciation to their teams for their continued efforts to ensure we maintain our standards of giving exceptional client care. Activities extended also to our teams and clients in both the Dominican Republic and Trinidad and Tobago.

LOOKING AHEAD 2017

In the upcoming financial year, JMMB will launch its Commercial Bank in Jamaica. Commercial banking already exists in Trinidad and Tobago. This will allow us in Jamaica to offer our clients an even wider range of solutions of integrated financial services across multiple channels, all aimed at serving the needs of our clients and deepening our valued client partnership.



Group Culture and Human Development

Founded in love in 1992, JMMB was born out of a dream by Joan Duncan and Dr. Noel Lyon. It was Joan's dream to start a company where any Jamaican could walk in off the street, take a few hundred dollars out of his or her pocket and invest it. She wanted all Jamaicans to take part in the money market. Her dream also encompassed the creation of a different sort of work place from the traditional organisations she had encountered in the Jamaican business world. She wished to begin a company that would be focused on respect and love. A company where team members would work in a fun-loving atmosphere in which there would be a commitment to innovation and creativity, to integrity and responsibility and to the opportunity for each member of the team to learn and grow.

The Culture and Human Development Team (CHDT) is responsible for ensuring that Joan's dream of a company where team members operate in love and respect is maintained. CHDT provides the loving support to our JMMB family - our team members and clients inclusively- in realising their dreams and the greatness within. We serve in this way because it is consistent with our Vision of Love and the purpose of our lives.

We remain wholly committed to creating "an organisational environment in which team members can achieve their full potential". In this our 25th year we are excited to celebrate the manifestation of our Vision of Love in the JMMB Family in Jamaica, Trinidad and Tobago, the Dominican Republic and across the world.

JMMB FAMILY SUCCESS MODEL - VISION STATEMENTS

Coming out of our Vision of Love there were several objectives which gave birth to six key elements. These six elements help us to share how we manifest the vision of love and maintain our culture as we grow and expand across the region.



EXTRAORDINARY LEADERSHIP

As leaders, we are true to our vision of love. Our decisions and actions are driven by our core values and principles. We readily acknowledge our mistakes, and 'clean up' as necessary. Being vulnerable, we create the space for real heart to heart connections, facilitating the genuine expression of self. Coming from best interest, we passionately choose to unconditionally stand for the greatness within all.

**HAPPY, COHESIVE,
HIGH PERFORMING**

Committed, cohesive, creative and synergistic teams focused on the common objectives in the best interest of all. Our teams understand and value each other's individuality, preferences, strengths and weaknesses, and compensate for each other's weaknesses. We stand for the Greatness in our teams, holding each other to account to live true to our values and achieve excellence. Our teams value and consider each other's opinions and honour the feelings of the individual and the team while engaging in robust exploration of ideas

**GENUINE, POWERFUL,
HIGH TRUST
RELATIONSHIPS**

Understanding that we share a common humanity, we trust each others intentions and build high trust relationships. They interact with mutual respect and acknowledge their responsibility in how they leave others.

**POWERFUL, HAPPY,
HIGH PERFORMING,
SELF-ACTUALIZING**

We have passionate team members committed and self-motivated to fulfilling their purpose.

**RIGHT PEOPLE IN
THE RIGHT ROLE**

We are deliberate at selecting and positioning team members based mainly on their natural strengths, which facilitates optimum performance.



ENGAGED CLIENTS

As a part of the JMMB family, I comfortably share my heart with them and entrust them with my dreams. My financial partner provides education and solutions, as we journey on the path to realising my life goals. Having my best interest at heart, we celebrate successes and navigate challenges.

STANDING FOR THE GREATNESS OF OUR PEOPLE

The JMMB Group has grown from 3 team members in 1992 to 1,014 of team members, increasing by 33,700% in 2017. In 2012 JMMB experienced significant growth with the acquisition of the Capital and Credit Financial Group (CCFG) and 100% ownership of Inter-Commercial Bank (IBL) in 2013.

This move lead to the enrichment of lives through job creation and the expansion of the concept of the Vision of Love across the region.

RIGHT PEOPLE IN THE RIGHT ROLE

Our unique culture of love is the foundation of our service to internal and external clients, and the reason behind JMMB's success. As a result JMMB team members are carefully selected as we seek to ensure that our team members personifies our core values. Culture alignment plays a significant role in JMMB's recruitment process; supported by psychometric tests and interviews. JMMB has an attrition rate of approximately 3%, of which we are proud.

REALISING DREAMS

JMMB Group's unique Vision of Love is one that is committed to the long-term ongoing process of holistic development of all our team members. Through self-development, internal JMMB trainings and embedding our unique culture, our team members have grown with JMMB embracing their purpose and passion.

At inception the company wanted to be a premier financial institution of its kind. We are willing to think differently and mitigate against risks that comes along with thinking in a non-traditional sense. "This is a loving, caring and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and practical aspects of work and life, between actualization and potential. There is no fear, no limitations, no boundaries. Team members are, therefore, expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to provide an open forum for ideas to be discussed, tested and implemented in order to help each other grow."

With this type of mindset it is not unusual that several marriages and entrepreneurial and intrepreneurial ventures were fostered at JMMB.

Fostering the Intrepreneurial & Entrepreneurial Spirit

The JMMB Group prides itself on being an organisation that truly stands for the greatness of our JMMB family.

We believe in development of the complete individual that embraces individual gifts, talents and passions. It is in keeping with this belief that we encourage our team members to boldly and courageously pursue their passions. It gives us great pride to see the realisation of these dreams for our team members. Many start their own businesses while at JMMB and/ or identify their true passions and leave to pursue them.

We elaborate on what we speak of in our Vision of Love - "The driving force of the organisation is to provide opportunities for team players to expand their potential, to recognise the power within and their ability to fully express and manifest this power to the benefit of the individual, the organisation and the society.



Kisha Anderson -
Country CEO



Carolyn DaCosta -
Group Chief Compliance Officer



Keisha Forbes -
CEO, Jamaica Money Market Brokers Limited



Juan Melo -
CEO,
Banco de Ahorro y Credito (JMMB Bank, S.A.)

We are proud to highlight that across the group there several team members have risen to the highest level of leadership and accountability such as Country CEO - Jamaica, Group Chief Complicance Officer, CEO, Jamaica Money Market Brokers Limited, CEO, Banco de Ahorro y Credito (JMMB Bank, S.A.), having joined the company at the junior level.

The following units/departments were created by JMMB envisioned and created by team members: Compliance; Internal Communications; Cultural Development; Client Care Centre; Client Experience and Monitoring Unit; Client Financial Education; Group Business Insight and Analytics; and Business Project Management & Operations (BPMO)

Team members throughout Group have realised and pursued their passions outside of JMMB and started their own businesses in the following categories.

1. Accounting
2. Catering & Baking
3. Decorating & Events
4. Graphic Design & Arts
5. Food Distribution
6. Health & Beauty
7. Information Technology
8. Music, Performing Arts & Photography
9. Sale of goods & household items

FROM GENERATION TO GENERATION

It is truly a joy to see approximately fifteen (15) of our JMMB team members children, who are now young adults working with us, having had the benefit of our loving nursery facilities, while their dedicated parents gave their best to JMMB. This partnership allowed us to watch them grow and their parents to be confident in their care and development. We are thrilled to be able to continue to have them grow with us and welcome them throughout our 25 years.

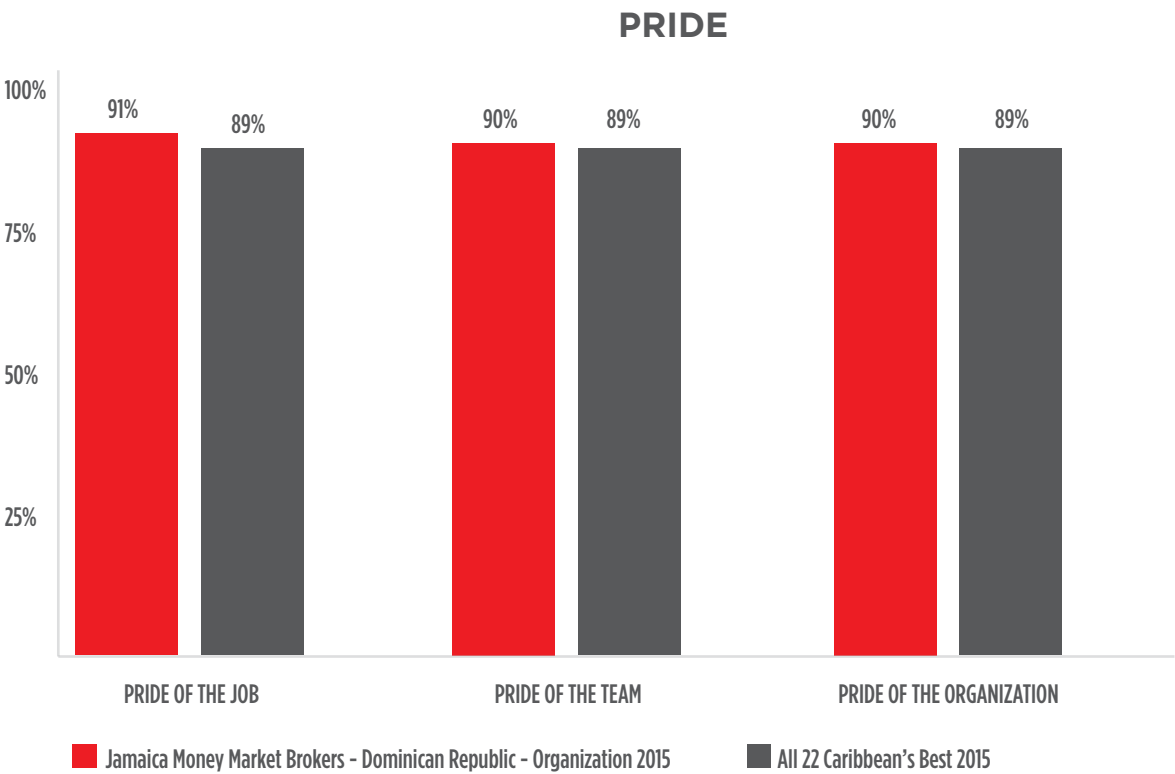
A GREAT PLACE TO WORK

In 2015 JMMB operations in Dominican Republic and Jamaica were designated as a "Great Place to Work" in the Caribbean by the Great Place to Work Institute, a globally recognised research consulting and training firm.

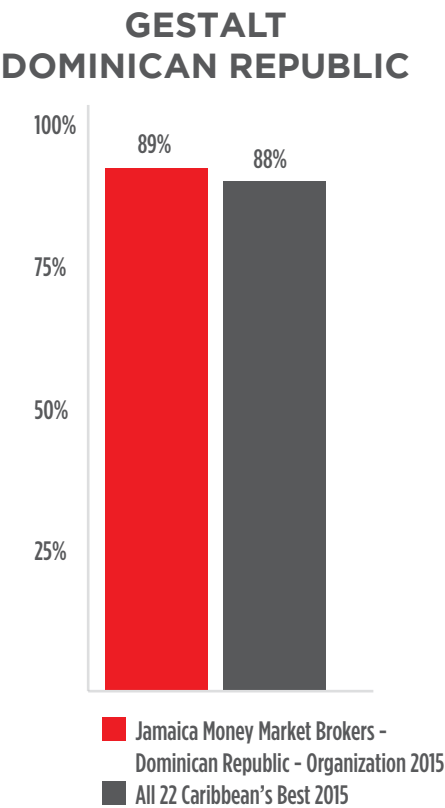
In our 25th year we now highlight why we were selected as a "Great Place to Work" in 2015, which confirms we are being true to our Vision of Love.

DOMINICAN REPUBLIC

Pride: measures employees’ sense of pride in their work by assessing the feelings employees have toward their jobs, team or work group and the company.

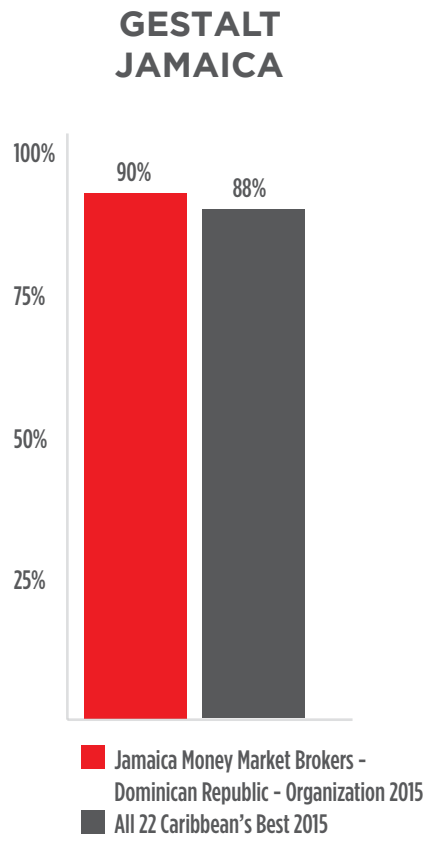


GESTALT: Taking everything into account, team members would say JMMB is a great place to work.

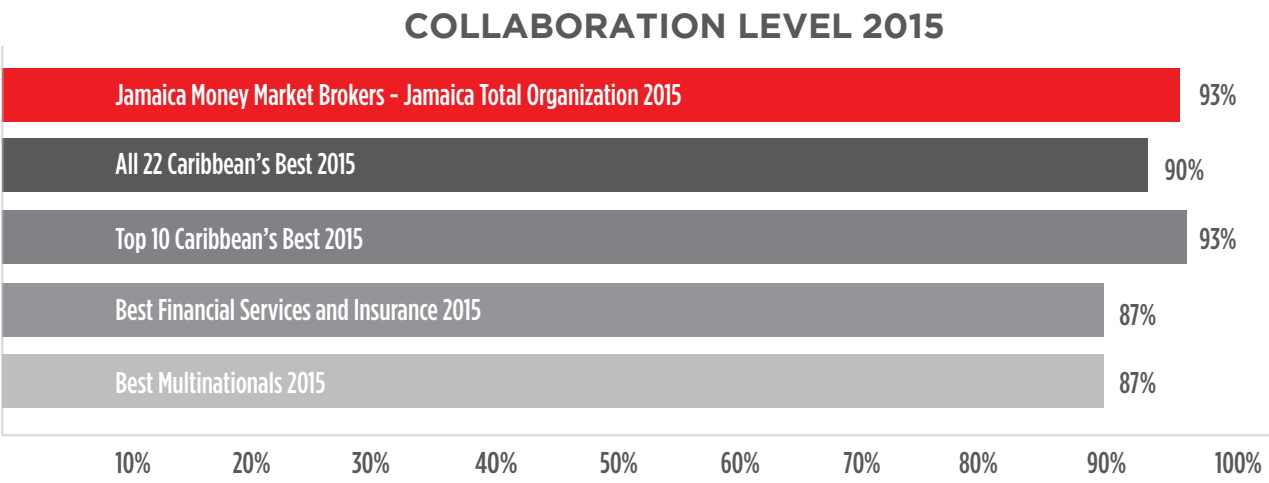


JAMAICA

GESTALT: Taking everything into account, team members would say JMMB is a great place to work.



Leadership encourages teamwork



Who We Are?

- Choosing Love!
- Embracing the Greatness within all!

What is the differentiating factor? – (OUR CULTURE)

- Real heart to heart connections
- We spot opportunities in the face of challenges
- We stick with you through the journey to achieve your goals
- Look out for the best interest of all

LOOKING AHEAD – 2017-2018 FY



Aligned to our culture of achieving greatness in your professional and personal life, we will be introducing JMMB University in 2018. The university will foster holistic development for our team members.

JMMB University mission: Grounded in unconditional love the JMMB University stands for individuals, families, organisations, and communities realising their dreams by delivering educational programmes that transform mind-set, change behavior and support holistic development.

JMMB University Vision: We make a difference in the world by creating a chain reaction of empowered individuals living the vision of love.



The JMMB Group has begun the process of implementing a robust and scalable “off the shelf” multi-lingual Human Resource Management Information System (HRMIS) for all team members throughout Jamaica, Trinidad and Tobago and Dominican Republic, to ensure efficient and effective management of our people processes.



Kisha Anderson - 19 Years



Rockann Clarke- Crawle - 21 Years



Donna Duncan-Scott - 25 Years



Orleen Batson - 22 Years



Patrick Beech - 18 Years

Standing for... realising
your
passion.



Rosie Bowland - 18 Years



Carolyn DaCosta - 22 Years

Recognising
the 25 longest
serving team
members



Richard Burton - 18 Years



Owen Dumetz - 16 Years



Keith Duncan - 24 Years



Joan Edwards - 20 Years



Paul Gray - 19 Years



Janet Patrick - 19 Years



Elaine Evans - 23 Years



Theresa Hawthorne - 17 Years



Sheldon Powe - 20 Years



Keisha Forbes - 20 Years



Marsha Gaye - Hibbert - 16 Years



Fiona Ricketts - 20 Years



Mark Grant - 21 Years



Semore Irving - 18 Years



Simone Thomas - 17 Years



Teverly Gray - 23 Years



Mikiesha Murphy - 18 Years



Horace Wildes - 16 Years





Standing for...

life in abundance.

Jamaica

Highlights

- 01 - 07.** Client Appreciation Day
- 08 - 09.** Food & Finance
- 10 - 11.** Farewell for Doc - Noel Lyon
- 12 - 13.** JMMB Group Limited Relisting
- 14.** Paint & Sip Mobay
- 15.** Thanksgiving Service





Dominican Republic

Highlights

- 01.** Team members take a group shot after a workout
- 02 - 03.** Christmas festivities
- 04.** Clients pose at a client event
- 05 - 08.** Team members enjoying a game of pictionary
- 09.** Diaspora Event





Trinidad and Tobago

Highlights

- 01.** Sports & Family Day
- 02 - 03.** JMMB Bank Launch
- 04.** JMMB Bank Opening Day
- 05.** JMMB South Park Branch
- 06.** JMMB Carifin Family Walk
- 07 - 08.** JMMB Thanksgiving Service
- 09.** Team Members at JMMB South Park Branch





Corporate Governance Report

As Directors, we strive to govern the JMMB Group in a prudent and transparent manner, that helps the Companies achieve sustainable operating and financial performance and deliver long-term value to you, our shareholders. We are committed to good corporate governance and have adopted sound corporate governance principles to provide a framework for effective governance for the Group. This helps us compete more effectively, sustain our accomplishments and build shareholder value. To this end we focus our attention on overseeing the Group's strategies, risk management, talent development and succession planning.

This report provides a summary of what the Board and its Committees have accomplished over the past financial year, and covers JMMB Group Limited and its subsidiaries. We will also summarise the corporate governance structures, principles and practices that, we believe, promote the effective functioning of the subsidiaries' Boards and enable the Group to satisfy governance expectations of regulators and stakeholders, within the territories in which they operate.

The Corporate Governance Policy applies to all companies in the JMMB Group and the Group Board of Directors and its Board Committees have oversight responsibility for the subsidiaries' Boards and their Board Committees. The Board of Directors proactively adopts governance policies and practices, designed to align the interests of the Board and management, with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level within the organisation. The Group's corporate governance framework is subject to on-going review, assessment and improvement. We carried out a robust review of our Corporate Governance Policy during 2016 and the revised Policy is now accessible on our website www.jmmmb.com. The Policy recognises differences in the regulatory requirements of the jurisdictions within which we operate.

As a Board, we are the stewards of the Company and as such it is our responsibility to ensure that the Group's strategy is aligned to the interests of our investors and takes account of all stakeholders' interests. As individuals, we believe that effective corporate governance is based on honesty, integrity and transparency, and can only be fully realised within an environment of open, robust and effective debate. This is the Board culture we foster at JMMB, and it is my personal responsibility as Chairman of the Group Nominations and Corporate Governance Board Committee, to ensure that we continue to live this culture and promote it within our business.

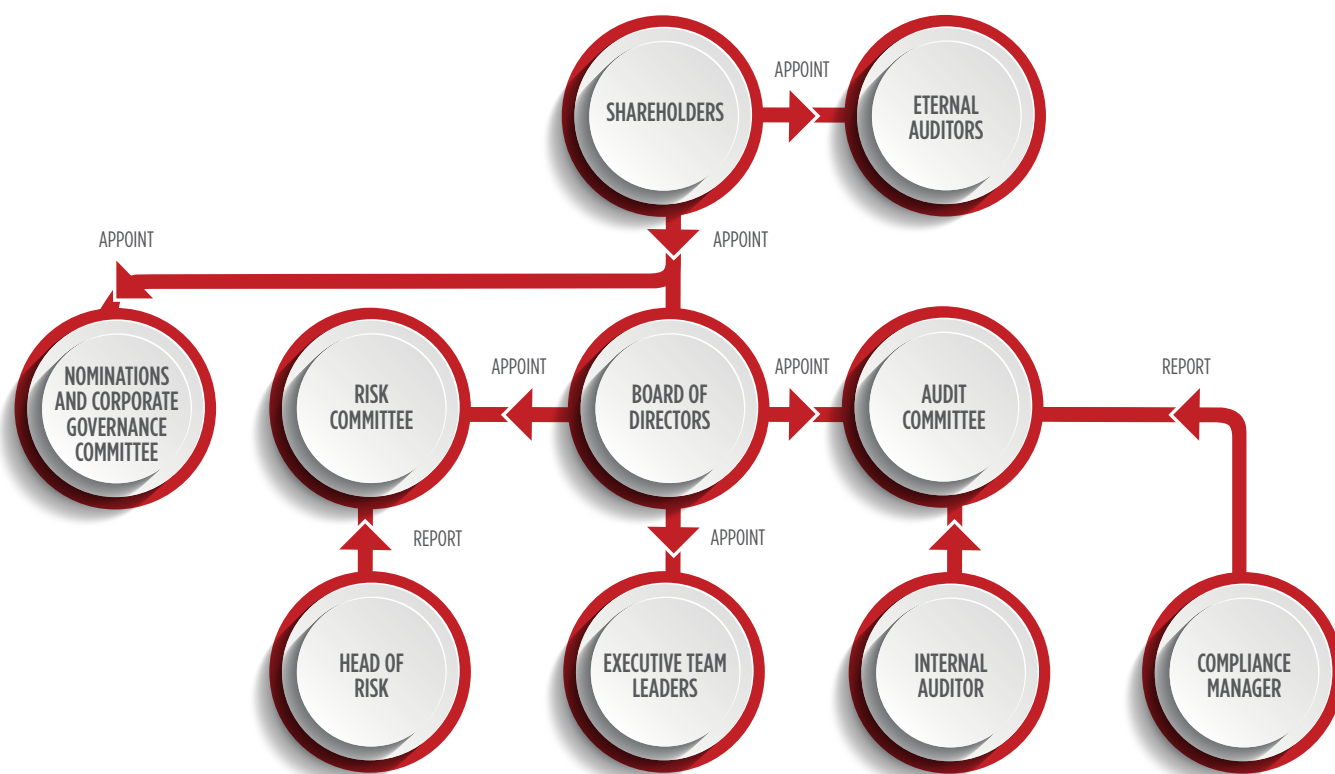
The Group's approach to corporate governance is guided by the following core principles/values.

PRINCIPLES	DESCRIPTION
Ethical Culture	Trust, integrity, honesty, openness, love, care and good governance are hallmarks of the Board's governance approach. In setting the tone at the top, the Board nurtures the strong corporate values that are well entrenched in the culture of the Group and reinforces the ethical principles on which our reputation and success are founded.

Oversight of Strategy	The directors are the key advisors to management overseeing strategic direction and the formulation of plans, taking into account both the opportunities and risks of the Group's businesses.
Accountability	The Board has carefully defined its own expectations, scope and responsibilities as well as that of its Committees and Management.
Oversight of Risk	A key priority of the Board is embedding a strong risk management culture throughout the Group and overseeing the frameworks, policies and processes adopted to identify the principal risks to the businesses and systems implemented to manage those risks.

This year much of the Board's activity has been focused on ensuring that our acquisitions were successfully completed as well as on positioning the businesses for the next stage of their development. We undertook an internal Board evaluation after which I met with all the Directors for a feedback session and open discussion on our performance. The feedback confirmed that the Board and each of its Committees continue to operate effectively and that each Director continues to make an effective contribution and is strongly committed to his/her role. Below is our governance structure which lends itself to transparency, accountability and independence.

CORPORATE GOVERNANCE STRUCTURE



The following definitions have been adopted by the Group:

"Executive Director" means a director who is a member of the management team of JMMB Group Limited or its subsidiaries and affiliates.

"Independent Director" means a director who is not:

- an employee of a company within the Group within the last five years;

- a person holding five per centum or more of the shares of the Company or a connected person; and
- a party to a significant economic or other relationship with the Company within the last five years.

“Subsidiary” - means a company over which JMMB Group has control.

LEADERSHIP ROLE OF THE BOARD AND ITS MEMBERS

The Board has collective responsibility for the direction and performance of the Company and provides leadership within a framework of prudent and effective controls, which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring

that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board takes a long-term outlook and sees itself as being responsible to a wide range of stakeholders, whilst pursuing its objectives in a manner consistent with its statutory duties, for the benefit of the Company's members as a whole.

The Directors of the Board are selected on the criteria of proven skill and ability in their particular field of endeavour, and a diversity of outlook and experience which directly benefit the operation of the Board as the custodian of the business. During the financial year we added two (2) Directors; Mrs. Patricia Dailey-Smith and Mr. H Wayne Powell. A full biography of each Board member is provided in this report.

BOARD EXPERTISE

EXPERTISE / QUALIFICATION/ EXPERIENCE	Archibald Campbell	Andrew Cocking	Dr. Anne Crick	Patricia Daley-Smith	Audrey Deer-Williams	Dennis Harris	Reece Kong
Academia - experience is important as it brings perspective regarding organisational management and academic research which are relevant to our business and strategy.	√		√				
Brand Management expertise on how the brand should be perceived in the market place and how to protect the brand.			√			√	√
Client experience and partnership is critical as this is the core of our existence. Having chosen to create a company based on unconditional love, we serve our clients and each other.	√		√			√	
Corporate Governance experience supports our goals of strong Board and management accountability, transparency and protection of shareholders' interest.	√	√	√	√	√	√	√
Cultural fit with the central philosophy of the JMMB Group core values and mission.	√	√	√	√	√	√	√
Demonstrated leadership experience is important since individuals with this experience typically possess strong leadership qualities with the ability to identify and develop those qualities in others.	√	√	√	√	√	√	√
Knowledge of finance, investments and banking experience are important in evaluating our financial statements, the business strategy and operations as well as capital structure.	√	√	√	√	√	√	√
Information Technology experience is relevant to the Group as it looks at ways to improve efficiencies, enhance client experience and internal operations.							√
Knowledge of control environment experience is critical to the Board's role in overseeing the risks faced by the Group.	√			√	√	√	√
Legal experience and knowledge is critical to the Group as we navigate the highly regulated environments in which we operate.							
Regional awareness experience is important as we oversee the strategy of the regional subsidiaries.	√	√				√	
Strategic Thinking experience is critical to how we define the way forward for the Group.	√	√	√	√	√	√	√
Talent Management experience is valuable in helping to attract, motivate, develop and retain top candidates for positions within the Group.	√		√			√	

BOARD EXPERTISE CONTINUED

EXPERTISE / QUALIFICATION/ EXPERIENCE	H Wayne Powell	Wayne Sutherland	Audrey Welds	V. Andrew Whyte	Donna Duncan-Scott	Keith Duncan	Hugh Duncan
Academia - experience is important as it brings perspective regarding organisational management and academic research which are relevant to our business and strategy.			√				
Brand Management expertise on how the brand should be perceived in the market place and how to protect the brand.	√				√	√	
Client experience and partnership is critical as this is the core of our existence. Having chosen to create a company based on unconditional love, we serve our clients and each other.	√				√	√	
Corporate Governance experience supports our goals of strong Board and management accountability, transparency and protection of shareholders' interest.	√	√	√	√	√	√	√
Cultural fit with the central philosophy of the JMMB Group core values and mission.	√	√	√	√	√	√	√
Demonstrated leadership experience is important since individuals with this experience typically possess strong leadership qualities with the ability to identify and develop those qualities in others.	√	√	√	√	√	√	√
Knowledge of finance, investments and banking experience are important in evaluating our financial statements, the business strategy and operations as well as capital structure.	√	√	√	√	√	√	√
Information Technology experience is relevant to the Group as it looks at ways to improve efficiencies, enhance client experience and internal operations.		√					
Knowledge of control environment experience is critical to the Board's role in overseeing the risks faced by the Group.		√		√	√	√	
Legal experience and knowledge is critical to the Group as we navigate the highly regulated environments in which we operate.			√				
Regional awareness experience is important as we oversee the strategy of the regional subsidiaries.	√	√			√	√	√
Strategic Thinking experience is critical to how we define the way forward for the Group.	√	√	√	√	√	√	√
Talent Management experience is valuable in helping to attract, motivate, develop and retain top candidates for positions within the Group.	√				√	√	

The roles of the Chairman and Group Chief Executive Officer are separate, and have been so since JMMB commenced operations twenty-five years ago. The Chairman, Mr. Archibald Campbell, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and in the setting of its agenda. The Chairman is responsible for creating an environment for open, robust and effective debate. This includes ascertaining, via the Company Secretary, that the Directors receive accurate, timely and clear information. The Group Chief Executive Officer ('Group CEO'), Mr. Keith Duncan is responsible and accountable to the Board for the management and operation of the Company and its subsidiaries, advancing long-term shareholder value, supported by the management team. He is also involved in the management of the social and environmental responsibilities of the Company.

BOARD DELEGATION

The Board has delegated specific responsibilities to Board Committees, notably the Audit, Risk, Nominations and Corporate Governance, Information Systems, Finance and Culture and Human Development.

On the following page is a table of the Committees and their membership.

Each Committee's terms of reference can be found in the Group's Corporate Governance Policy which can be found on the website www.jmmb.com

BOARD COMMITTEE COMPOSITION & MEMBERSHIP

NAMES	POSITION	AUDIT	CULTURE & HUMAN DEVELOPMENT	FINANCE	INFORMATION SYSTEMS	NOMINATIONS & CORPORATE GOVERNANCE	RISK
Archibald Campbell	Independent					✓	
Andrew Cocking	Independent			✓			
Dr Anne Crick	Independent		✓			Chairman	
Patricia Dailey-Smith	Independent	✓		Chairman			
Audrey Deer-Williams	Independent		Chairman				✓
Dennis Harris	Independent	✓	✓	✓		✓	Chairman
Reece Kong	Independent				Chairman		✓
H Wayne Powell	Independent		✓ appointed March 13, 2017				
Wayne Sutherland	Independent	✓			✓	✓	
Audrey Welds	Independent					✓	
V. Andrew Whyte	Independent	Chairman		✓			✓
Donna Duncan-Scott	Executive		✓			✓	
Keith Duncan	Executive					✓	✓
Hugh Duncan	Executive						
Maurice Barnes (JMMB Money Transfer Limited)	Independent				✓		

* as at January 3, 2017, the Board Committees members were revised. X no longer a member of the committee as at January 3, 2017

REPORT OF THE AUDIT COMMITTEE

The Audit Committee continues to play a key oversight role on behalf of the Board. The Committee's principal activities have focused on the oversight of operational risks, compliance and governance of the Group. We reviewed the internal audit plans and the internal audit reports presented throughout the year. The audit areas include data governance, social media management, receivables, recruitment, benefit administration, cyber security, treasury, AML compliance, securities, accounts, branch operations, information technology and adherence to regulations. All issues identified were addressed satisfactorily.

The Audit Committee assists the Board in the oversight of the systems of internal controls, the Company's financial reporting processes and audit functions, as well as compliance with legal and regulatory requirements. The Committee reviews adherence to accounting policies, oversees the work of the internal auditors and assists the Board

in discharging its duties with regard to:

- Managing operational risks;
- Maintaining proper records and controls; and
- Ensuring that financial transactions are consistent with the policies and directives of the Board.

The Committee met four (4) times during the year.

REPORT OF THE RISK COMMITTEE

The Group has an integrated risk management framework in place to identify, assess, manage and report risks and risk adjusted returns on a consistent and reliable basis.

The Risk Committee assists the Board in its oversight responsibilities with regard to the risk management framework and the underlying compliance monitoring and governance structure. This includes overseeing risk exposures and strategies in relation to the following risks and strategic considerations:

1. Capital Allocation
2. Credit
3. Market (inclusive of interest rate, liquidity, counterparty, concentration, foreign currency exposure and equity risks)
4. Operational
5. Compliance
6. Legal
7. Reputational

The Risk Committee approves the Group's risk policies and its risk appetite statement, including risk limits, which is then presented to the Board of Directors for ratification.

The Risk framework is designed to achieve business outcomes consistent with the Group's risk-return expectations and includes:

- the Group Risk Appetite Statement and Capital Assessment frameworks;
- high-level risk management policies for each of the risk areas it is responsible for overseeing;
- a set of risk limits to manage exposures and risk concentrations; and
- appropriate monitoring and reporting of business risks

During the year, the Committee monitored management's compliance with the Group risk management framework (including high-level policies and limits). It also reviewed and made recommendations to the Board on the key policies relating to capital (that underpin the Internal Capital Adequacy Assessment Process), liquidity, credit, funding and other material risks. These are overseen and reviewed by the Board on at least an annual basis. Significant transactions that could impact the overall financial strength and profile of the Group and subsidiaries, were also brought to the Committee for consideration and approval. The Committee also discussed preparations to address the anticipated changes in the regulatory framework and industry conditions over the next few years.

The Risk Committee met a total of twelve (12) times to review policies and deliberate on capital market transactions.

REPORT OF THE INFORMATION SYSTEMS COMMITTEE

The Information Systems (IS) Committee assists the Board in its oversight of technology strategy, investments made in support of the strategy and technology risk. The Committee has specific responsibility for establishing structures, mechanisms and processes that ensure that information technology (IT) is controlled and delivers value to the business. The Committee's responsibilities include:

- guiding the Group as to the future of technological developments;
- linking IT strategy and goals to the business strategy and goals;
- leading the development of a process framework, based on generally accepted practices that align, control and measure IT activities;
- ensuring that there is consistent and relevant communication between IT and the business on strategic and operational activities, issues and opportunities;
- directing the development and implementation of a performance measurement mechanism to monitor IT-related strategic and operational activities across the Group; and
- leading the development of a robust IT risk management framework with clearly defined and articulated responsibilities across the Group.

During the year the Committee focused on the following areas:

- assessing the technological needs of the Group;
- ascertaining the most efficient core banking platform; and
- reviewing the IT target operating model.

There were five (5) meetings for the year.

REPORT OF THE FINANCE COMMITTEE

The Finance Committee has responsibility for oversight of the Group's financial reporting, ensuring that fair, balanced and understandable reports are produced that comply with International Accounting Standards. The Committee maintained oversight of the review process and submitted certification to the Board to enable it to be in a position to approve the financial statements.

The Group has robust controls, procedures and systems that are designed to ensure that information is disclosed in a timely manner to the regulators and the market.

Auditor Independence

During the year ended March 31, 2017, the Committee reviewed the external auditor's independence, scope of non-audit services and independence safeguards with KPMG Chartered Accountants, the Group's external auditor.

As part of the review, the Committee received and reviewed confirmation in writing that, in KPMG's professional judgement, the independence and objectivity of the audit engagement partner and audit staff were not impaired.

The Committee was satisfied throughout the year that the objectivity and independence of KPMG were not in any way impaired.

For the year, seven (7) meetings of the Finance Committee were held.

REPORT OF THE CULTURE AND HUMAN DEVELOPMENT COMMITTEE

The purpose of the JMMB Group Culture and Human Development Committee is to assist the Board of Directors in discharging its duties with regards to people, ensuring that the activities are consistent with policies and directives of the Boards of JMMB Group. The Committee formulates and reviews the compensation programmes for board members and senior officers. In doing so, it ensures that compensation is consistent with the objectives, strategy and control environment across the Group to guarantee truth, fairness and compliance with the legal requirements of the countries in which the Group operates and in line with its mission and values.

During the year, the Committee focused on harmonising the Group's people policies, training and development of team members, leadership training, succession planning and implementation of our Human Resource Management Information Systems.

We are proud that we have implemented our Human Resource Management Information System, which is aimed at improving the efficiency of the department and supporting the efforts of team leaders.

The Culture and Human Development Committee met five (5) times during the year.

REPORT OF THE NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE

Over the past year, the focus of the Committee has been on revising the Corporate Governance policy, enhancing subsidiary boards with new members and rotating membership and committee chairmanship as part of our succession planning process. After rigorous search, new Directors were appointed as follows:

- JMMB Group Limited two (2) new Independent Directors
- JMMB Merchant Bank Limited one (1) independent Director
- JMMB Bank (T&T) Limited one (1) independent Director

The Board welcomes the opportunity to adapt to innovations and change within the field, and continues to actively assess initiatives to adapt to corporate governance changes, address gender balance on the Board, source the right skills to complement our talented management team and create robust succession plans to safeguard the Company's future performance. We are confident that our actions have strengthened the Board's expertise and the diversity.

The Nominations and Corporate Governance Committee met six (6) times during the financial year.

DIRECTORS' COMPENSATION

JMMB compensates its Directors fairly and responsibly and aligns remuneration with the Group's strategy. For the financial year a total of JS\$152,007,000 was paid to the Directors across the Group in Jamaica, Trinidad and Tobago and the Dominican Republic.

ATTENDANCE TO MEETINGS, APRIL 2016 - MARCH 2017

NUMBER OF BOARD AND COMMITTEE MEETINGS HELD FOR THE YEAR	12	4	12	5	6	5	7
NAMES	Board	Audit	Risk	Culture & Human Development	Corporate Governance & Nomination	Information Systems	Finance
Archibald Campbell	11	3	9				7
Anne Crick PhD	8			5	6		
V. Andrew Whyte	9	3	10		5		6
Wayne Sutherland	8	4			4	5	
Dennis Harris	11	3	10	5	2		6
Audrey Welds	9						
Audrey Deer-Williams	7		10	5			
Reece Kong	11					5	
Andrew Cocking	11						2
Maurice Barnes						5	
Patricia Dailey-Smith * appointed January 3, 2017	3						2
H. Wayne Powell * appointed March 13, 2017	2						
Keith Duncan	10	2	9	2	4	3	4
Donna Duncan-Scott	6			5	5		
Hugh Duncan	6						

* Director of JMMB Money Transfer Limited

DIRECTORS TRAINING

The Directors attended training in the following areas:

- POCA (Proceeds of Crime Act)
- Anti-Money Laundering and Red flags
- Sexual Harassment Law
- JSE Corporate Governance Index
- Corporate Accountability – Risk and Governance
- Cyber Governance: Roles and Responsibilities of Boards

REGULATORY COMPLIANCE

The Compliance Department ensures compliance with laws, regulations, policies and standards of good governance in the territories within which the Group operates. The Group Chief Compliance Officer provides a monthly compliance report to the Board of Directors for the Company and each subsidiary. The Board is satisfied that compliance issues raised during the financial year have been

properly addressed and resolved and that there are no material unresolved issues.

The Board understands the regulatory framework under which the Group operates and cooperates with regulators, to ensure that the financial system is safe and sound.

The Board and Management therefore:

- maintains open communication with the regulators on all material issues;
- complies promptly and fully with requests for information as required by law;
- keeps abreast of the findings of on-site examination processes and direct management to determine whether similar problems exist elsewhere in the Group and takes corrective action; and
- ensures that there is annual training of all team members and Directors on the Proceeds of Crime Act, Code of Ethics, Know Your Client and Employees and any new regulations.

No significant issues were identified in regulatory audits conducted during the financial year.

CODE OF ETHICS

The Company has adopted the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR®) and each new team member is trained in this area during orientation. There is also a mandatory annual refresher course for all team members and Directors.

POLITICAL CONTRIBUTION

JMMB, in its commitment to the best interest of the territories in which it operates contributes to the democratic process. In Jamaica, it has been our policy to contribute equal amounts of money to the two major political parties for their respective campaign initiatives and in keeping with our policy of disclosure we wish to advise that for the past year, we contributed \$1.5 M each, to the Jamaica Labour Party (JLP) and the People's National Party (PNP).

BOARD ASSESSMENT

While the Group improves its corporate governance framework, the Directors also recognise that JMMB must live up to the ideals of its founders and the expectations of shareholders. The review of corporate governance across the Group and feedback from Board members is intended to ensure that we remain grounded in those ideals and expectations and receive early warning of any deviation.

As a Board we are committed to upholding the principles of good governance, strong and effective controls and being responsible for the long-term success of the company.

During the financial year, we focused on the implementation of the action items from the previous board assessment. We are pleased to report that all items have been adequately addressed.

SHAREHOLDER ENGAGEMENT

The Company is committed to maintaining and improving dialogue with shareholders in order to ensure that the objectives of both the Group and the shareholders are understood. We have an open door policy whereby shareholders can speak directly to us and we appreciate the comments and feedback that we have received throughout the year. The Board also views the Annual General Meeting as an opportunity to communicate with our shareholders. We are committed to this openness and are available to discuss any concerns with you. Please feel free to contact the Company Secretary to arrange a meeting should you so desire.

SHAREHOLDER COMMUNICATIONS

The Company uses email alerts and actively promotes downloading of all reports from its website enhancing speed and equality of shareholder communication. The Company has taken full advantage of the provisions within the Articles of Incorporation allowing the website to be used as one of the means of communication for shareholders where they have not requested hard copy documents as part of our commitment to 'Going Green'.

YOUR VIEWPOINT IS IMPORTANT

We value your support, and encourage you to share your opinions, suggestions and concerns with us. You can do so by emailing the Company Secretary at Carolyn_dacosta@jmmb.com, or writing directly to the Chairman Archibald Campbell, c/o JMMB Group Limited, 6 Haughton Terrace Kingston 10.



Anne Crick Phd
Chairman Group Nominations and
Corporate Governance Committee

Risk Report

OVERVIEW

Major Risk Related Developments for FY 2016/17

Given the ever-changing financial landscape that the JMMB Group operates in, we continuously monitor our operating environment. This is especially true for the territories in which we have a presence namely Jamaica, Trinidad and Tobago and the Dominican Republic, as well as markets that can impact the outlook for these jurisdictions, in order to proactively manage our risk exposures, based on sensitivities to projected risk factors.

During the 2016/2017 financial year, there was reduced interest rate volatility in the Jamaican market stemming from improved investor sentiments regarding the macro variables, despite a short-lived spike in Q3 2016, due to brief liquidity tightening. The GOJ signed a new SBA agreement with the IMF which augured well for the rate of depreciation in the local currency and overall market liquidity. As such, there was a moderate market liquidity condition - an improvement over the prior two years.

There was increased regulatory risk arising from the changes to the laws governing the financial sector. While implementation of the Basel II framework, within the Caribbean, could affect the industry, the JMMB Group has taken the stance of pre-empting the process so as to minimise the impact when new regulations become mandatory.

Trinidad and Tobago's financial markets continued to display stability during the year despite the deteriorating economic conditions within that jurisdiction. Interest rates trended upwards despite there being excess liquidity within the market. Conditions remained favourable for obtaining funding and interest rate volatility was subdued. Given the large international reserves of the country, the movement in the exchange

rate of currency pairs, fluctuated within a very narrow range in line with inflation levels. As we continue to expand our operations in this territory, we expect market conditions to remain relatively stable as fiscal adjustments are implemented.

The Dominican Republic's (DR) economy remained strong, however, it continued to face increasing risks. Nevertheless, interest rate volatility was reduced as liquidity conditions improved with the market. The JMMB Group's risk management framework, in this territory, allowed us to navigate the markets well, despite the liquidity reserve declining,. We were able to actively position our portfolio, while maintaining interest rate sensitivity over the year. Given the increasing importance of JMMB's subsidiaries in the Dominican Republic, risk management resources in that locale were materially bolstered.

Continued advancement in market infrastructure, regulatory framework and investor demand for suitable financial products, continue to facilitate JMMB's growth within the Dominican Republic and provide opportunity for expansion in the financial solutions offered to clients. The regulators have continued the process of strengthening the regulatory framework for the securities sector. This does not pose a regulatory risk for the JMMB Group as our robust risk management framework is implemented in this jurisdiction and meets or surpasses all requirements. However, significant changes to regulatory and accounting standards may necessitate adjustments to the market and possible consolidation in the market.

Given the contagion effect that may result from mature markets, we also monitor the key blocs – United States, euro zone and general emerging markets. Global financial markets remained relatively stable throughout the year, with continued growth in major markets, particularly the US, which may prompt further tightening of monetary policy. The JMMB Group continues to

adjust its financial profile and actively manage its risk exposures to position itself to take advantage of market opportunities and ensure resilience, even if significant adverse market conditions should develop in global markets, or in any of the jurisdictions in which we operate.

SAFEGUARDING STAKEHOLDERS' INTEREST

Our unique value proposition remains at the core of all our undertakings at the JMMB Group. Since we always have our clients' best interest at heart, the JMMB Group invariably takes proactive measures to safeguard the best interest of our stakeholders. In fulfilling our vision of being an integrated financial services institution, we provide a wide suite of products and services for our clients. This is within the context of a robust risk management framework whereby the risk universe is accurately identified; material risk factors are then continuously measured, monitored, controlled and reported. The limit and breach escalation system provides a mechanism for risk control with limits based on the desired risk appetite for each major risk. Thus, the JMMB Group aims to sustain long-term value and wealth creation while ensuring the continued financial soundness of the institution.

The overall risk appetite of the JMMB Group is contemplated when developing strategy, and further delineated in the strategies undertaken by each material subsidiary. The geographic diversification of the Group is inherently a risk mitigation tool. Moreover, our clearly articulated group structure provides clarity in our sight and monitoring of the risks arising from idiosyncrasies in each jurisdiction, and possible contagion effects that may arise. Across the Group, strategic initiatives are aligned with the risk parameters outlined by the Board of Directors. The Board, as well as the Senior Management team, ensures that a strong risk culture is maintained across the Group and risk management is effectively embedded in each desk in the organisation. However, the day-to-day risk monitoring is primarily done by the Group Risk Department.

In the 2016/2017 financial year, the JMMB Group continued to improve the rigor of its risk management framework adopting a principle-

based approach to creating policies. This allows for the seamless incorporation of all its subsidiaries and its expanding range of financial products. We continue to expand and strengthen the scope of our enterprise risk management framework within which risk measures are integrated and linkages between risks are clearly identified. This approach allows management to have a holistic view of the Group's risk exposures and ensures that they are adequately managed, at all levels, throughout the organisation. We have also increased our focus on model validation ensuring that our methodologies remain effective and adequately measure the various risk factors.

RISK MANAGEMENT PRINCIPLES

The JMMB Group remains committed to the following core principles of its risk management framework:

- i. There is a vibrant risk management culture embedded in the organisation as well as the Board, Senior Management, Team Leaders and all team members throughout the entities in the Group, who are aware of and aligned on their roles and responsibilities in risk management.
- ii. Best practice risk management techniques are employed in managing the various risks to which the Group is exposed and adequate resources are allocated to the management of risk.
- iii. Risk undertaken is within our risk appetite framework and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.
- iv. The enterprise is adequately capitalised to protect against the effects of major shocks to the Group as well as its subsidiaries on a standalone basis.
- v. Data quality is continuously monitored to ensure timeliness, transparency, accuracy, completeness and relevance.
- vi. The operating environment for each jurisdiction is taken into consideration and risk management techniques are tailored to adequately support each entity.

RISK APPETITE

As the JMMB Group continues to build out its enterprise risk management framework, its risk

appetite statement remains an integral part of this process. Our risk appetite statement framework broadly articulates the maximum amount of risk that the Group, and by extension each subsidiary, is willing to undertake in order to achieve its business objectives. This incorporates the operating environment for each subsidiary, business lines, operating constraints as well as our core objective of increasing stakeholders' value, thereby maintaining the long-term viability of the Group and its subsidiaries.

The risk appetite framework is approved by the JMMB Group's Board of Directors and contextualises all our decision-making processes. It considers the material and emerging risk exposures of the overall Group, as well as for each subsidiary. There are policy limits in place for each major category of risk for each subsidiary and the overall Group. These are documented and periodically updated in the respective risk policies and serve as the basis for risk monitoring and control. To ensure consistent alignment with the risk appetite statement, there is an escalation process, whereby risk indicators, that are in breach of stated limits, are quickly and systematically returned to acceptable levels.

THE JMMB GROUP RISK POLICY OVERVIEW

The JMMB Group risk policy is the overarching document that formally outlines the risk management approach of the overall Group. There is significant merit to viewing and/or managing risk exposures from an enterprise level. In this framework, the business takes account of the inter-relatedness of risk exposures and how the financial position and risk profile of the organisation is either strengthened or weakened by this relatedness.

The policy explores and discusses all known risk exposures of the JMMB Group and further outlines a process for the determination and management of new risk exposures. Outside of strategic and reputational risks, these risks include market risk, credit risk, liquidity risk and operational risk as well as the issues of risk aggregation, capital adequacy, and capital allocation. By effectively implementing and managing this risk framework, we ensure the long-term earnings stability of the Group by effectively managing all types of risks.

Consequently, the framework identifies the methodologies to be used to identify, quantify and manage risk from a best practice approach as well as outline an enterprise-wide risk management process that supports the effective identification and management of risk. The JMMB Group risk policy is the reference for our risk governance framework, as it involves the processes for risk identification, risk assessment, risk response, control activities, communication and monitoring.

The JMMB Group risk policy provides the basis for articulating the policies for the other subsidiaries as well as the policies for individual risk exposures.

STRONG RISK GOVERNANCE FRAMEWORK

How the JMMB Group ensures effectiveness of its risk management activities

The strength of the JMMB Group's risk governance framework reflects the rigor of our processes and the competence of the delegated risk authorities. Our business operations are geared such that the likelihood that outcomes will be worse than expected, is minimized. This is especially the case as we expand our product offering across the Caribbean. Careful, comprehensive and continuous analyses of the risks involved are done and material exposures identified for each subsidiary as well as the overall Group. Importantly since we operate over multiple jurisdictions, the potential regulatory changes are partially pre-empted by utilising international best practices and global guidelines (for example, the Basel frameworks) to minimise the potential impact.

The assessment of the material risk exposures includes the interrelations and interdependencies of these risk factors. Both quantitative and qualitative approaches are used, thus, ensuring a balance between the outputs of our models and the extensive experience of our management team. Given the ever-changing landscape in which the Group operates, these models and techniques are validated periodically to ensure that they are efficient, adequately capture the risk factors, and are in alignment with international best practices. Our data quality is also assessed

for accuracy and sufficiency. Moreover, our risk officers engage in continuing risk education programs to maintain relevance in the field. These risk assessment processes and the management of material risk exposures are documented in our various risk policies and procedures.

The evaluation and management of risk exposures is within the context of our risk appetite framework, which allows for transparency and efficiency. The practice of risk management continues to be deeply rooted in the culture of the JMMB Group as each team member is aware of his/her role and responsibility in the risk management process. The risk management hierarchy, that has consistently guided our activities, is shown in the diagram below.

THE JMMB GROUP RISK MANAGEMENT HIERARCHY



The Board of Directors of the JMMB Group determines the overall level of acceptable risk; active oversight is provided by the Board Risk Committee that approves and monitors the supporting risk tolerances. Thus, the Board Risk Committee provides strategic direction for the Group and ensures that the risk governance framework remains strong. The Board Risk Committee is directly supported by other committees within the Group, these include the Risk Management, Credit Management and Asset Liability Management Committees which convene regularly and more closely monitor the risk exposures of the Group and its subsidiaries against the limits set by the Board Risk Committee. Furthermore, to ensure that risk management is a part of the fabric of the Group, members of the Group Risk Department are included on committees that address the strategic objectives of the Group.

On an annual basis, the JMMB Group institutes an internal capital adequacy assessment process (ICAAP) which supports our strategies and provides a comprehensive view of the risk profile of the Group and its subsidiaries. It also provides the mechanism to adjust our business operations and strategies given, our internal and external environments.

RISK MEASUREMENT, CONTROL AND REPORTING

The operations of the JMMB Group gives rise to the following material risk exposures: 1) market risk, 2) credit risk, 3) liquidity risk and 4) operational risk. Internal limits are established by the Board of Directors through policy, to ensure that exposures outside of acceptable levels are readily identified and rectified, this drives the main control process. Periodic reports are used to inform the decisions of senior management, as well as to ensure that we remain within the ambit of our risk appetite parameters.

I. Market Risk

Market risk is commonly defined as the likelihood that there is a decline in the value of assets due to adverse movements in market factors such as interest rates, foreign exchange rates and equity prices.

In accordance with international best practices, the JMMB Group monitors both the market risk exposures within individual entities and consolidated exposures across the countries in which we operate. This is accomplished by using the Value-at-Risk (VaR) framework, in conjunction with frequent scenario analysis and stress testing.

Value-at-Risk (VaR) provides a single measure that captures the potential loss in the portfolio over a specific time period and for a given probability. This metric is widely used by financial institutions globally and currently, the JMMB Group computes a 10-day Monte Carlo VaR using a 99% confidence level, which may be adjusted to meet specific needs. Though the usefulness of the VaR measure is accepted, one of its main drawbacks is that it does not approximate 'worst-case losses'. As such, the Group Risk Department also estimates expected shortfall (which is the expected loss

given that the VaR is exceeded), augmented by stress tests and scenario analysis. Stress tests are used to estimate unlikely yet plausible situations, while the scenario analyses model historical financial crises, both locally and internationally. In each instance, we assess the capacity of the JMMB Group and its subsidiaries as standalone entities to withstand the occurrence of such low probability yet high impact events. This monitoring is done at least monthly and reports are presented to the Board.

Note 28 (d) provides details of VaR levels throughout the financial year.

a. Interest Rate Risk

Interest rate risk is the possibility that there will be adverse movement in the value of the fixed income investments arising from fluctuations in the level, slope and curvature of the yield curve. The JMMB Group has material exposure to interest rate risk given the nature of its business. Interest rate risk is managed using duration analysis and estimation of repricing gaps. Duration reflects an instrument's sensitivity to interest rate risk, while repricing gap approximates the potential change in net interest income.

Stress testing considers plausible movement in interest rate and the impact on our current financial condition. We also employ reverse stress testing, at times, to determine the magnitude of adverse interest rate movements that would produce certain negative outcomes. Portfolio exposures are adjusted to take advantage of expected market conditions, while limiting losses, should adverse conditions occur.

b. Currency Risk

In alignment with our value proposition of providing simple, transparent solutions, the JMMB Group provides financial solutions in various currencies to its clients. This gives rise to currency risk which represents the possibility of losses due to adverse change in the exchange rate for any currency pairs. Net positions for all the foreign currencies are monitored and hedged where prudent, consistent with its level of risk. There is also periodic stress testing of our currency risk, based on plausible 'worst-

case' adverse movement in currency pairs.

Note 28 (d) (i) provides additional details on our foreign currency exposures.

II. Credit and Counterparty Risk

Credit risk is the potential for loss due to failure of a borrower to meet their contractual obligation to repay a debt in accordance with the agreed terms. The JMMB Group is exposed to credit risk from its lending, investment and funding activities, where counterparties have contractual obligations to make payments or facilitate transactions. The Board specifies a tolerance level for credit risk, which is actively managed by the credit risk team for the loan portfolio.

The JMMB Group's lending activities are primarily concentrated within its merchant and commercial banking subsidiaries. Limits are placed on credit exposures based on their respective classifications. Such classifications include economic sector, collateral type provided, loan purpose and customer profile. Credit facilities are adjudicated using a balanced quantitative framework coupled with sound qualitative judgment. Furthermore, we seek to ensure that the expected return on each credit facility is reflective of its level of risk subject to market dynamics. This allows us to better deploy our capital and provide fair pricing of loans to clients.

Using our internally developed quantitative and qualitative models and fundamental research, we assign ratings and determine exposure limits to counterparties arising from investment and funding activities. This is augmented with the use of third-party research, where practicable. Our internal counterparty models are adjusted to account for material regulatory changes, changes in the global business environment as well as best practice methodologies.

Counterparty credit assessments are conducted prior to material exposure to any entity and quarterly reviews done for the most significant counterparties, to ensure changes in the financial health of counterparties are detected early. Material counterparties across the Group are actively monitored and their ratings updated based on changes to their financial outlook. The proactive nature of the monitoring of counterparties allows the JMMB Group to better

identify any entities facing problems and adjust exposures and contractual terms to acceptable levels.

Given the expansion of the Group geographically, we continuously aim to improve our counterparty risk management capabilities to better manage Group-wide exposures. This is done in the context of an expansion in the universe of products and services to our increasing corporate and institutional client base.

III. Liquidity Risk

Liquidity risk refers to both **funding** liquidity risk - where a firm is unable to meet its financial obligations due to a lack of available funds and **asset** liquidity risk – where a given security cannot be sold at its fair market value due to insufficient market depth. Given that liquidity risk is often a consequence of other types of risk as well as the significant impact it can have on a financial institution, it is actively managed within the Group with both short-term and long-term horizons.

While there is an overall Group liquidity risk policy which specifies minimum liquidity requirements for the business, as well as other guidelines and limits which provide stronger assurance that all obligations can be met, despite very stressful market conditions, there are also entity-level liquidity policies. These are informed by the liquidity gaps, retention rates, business models and market conditions. Key liquidity metrics monitoring liquidity gaps, overall liquid assets to total assets and available liquid assets are regularly monitored to ensure that liquidity objectives are not compromised. Desired capital and liquidity levels are adjusted according to evaluations of market conditions and liquidity conditions.

IV. Operational Risk

Operational risk may be defined as “the risk of loss from inadequate or failed internal processes, people and systems or from external events.” The JMMB Group’s operational risk framework seeks to limit operational risks to acceptable levels within the Group, even as the geographical presence and complexity of operations increase. Rigorous and appropriate control systems and processes, along with operational redundancies

and business recovery plans, act to safeguard against significant disruptions in our operations. A rigorous compliance framework and independent internal audit programme exists to ensure that controls are maintained and all material risks are properly identified and adequately managed.

OPTIMIZING RETURNS FOR ALL STAKEHOLDERS

The JMMB Group’s goal of being a financial partner to clients across the region, results in business line and geographic diversification, which has created significant value to shareholders and improved the resilience of the Group. Diversification has also enhanced the product offering of the Group and its ability to meet the needs of its clients regionally. This is anchored on detailed capital planning which supports the capacity of the Group to absorb unexpected losses from inherent risk exposures in these product offerings. We also ensure compliance with limits set by the regulators of the various subsidiaries, which provides another level of assurance.

Even as the regulatory and economic environments change across the jurisdictions within which the JMMB Group operates, the flexibility of our risk management framework allows for adaptation such that stakeholder value continues to grow through prudent decisions.

Going Green -

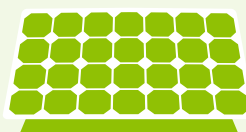
Environmental Report

INCREASING EFFICIENCIES, GOING GREEN AND REDUCING EXPENSES

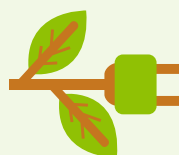
During the 2016/17 financial year, JMMB completed the installation of over one hundred and thirty (130) solar panels at the 6 Haughton Terrace Head Office location. This project has been done at an invested cost of US\$59,373.6 and is in line with the strategic objective of the JMMB Group to reduce its carbon footprint by 'Going Green'.

The solar system has the combined capacity of 34.4 kWp and is expected to annually save the Company net \$1.9mil on average, with a payback period of 4.7 years. This means that JMMB will reduce its oil energy dependency by 20% of its current use with the ability to generate 62,634 kWh of electricity per year, with the use of clean renewable energy, thereby, reducing its carbon footprint by over 35 tons per year.

This project is still in its pilot phase and based on the initial results, further steps will be taken to build out the renewable energy plan for the Jamaican arm of the Group.



130
SOLAR PANELS
INSTALLED



62,634 kWh
CLEAN ELECTRICITY
GENERATED PER YEAR



20%
REDUCTION IN OIL
ENERGY DEPENDENCY



\$1.9 Mil
AVERAGE YEARLY
ENERGY BILL SAVINGS



35 TONS
YEARLY REDUCTION
IN OIL ENERGY
DEPENDENCY



Marketing Report

The cornerstone of managing the JMMB brand is the articulation of its unique positioning – “Your Best Interest at Heart”. Our brand positioning is directly aligned with who we truly are as an organisation, and is reflected in our primary core value of love, as well as our other values of openness, care, transparency and honesty. It is love that motivates all JMMB team members to stand for the greatness of everyone we serve, by helping them to achieve their financial goals and, by extension, creating value for our shareholders.

The JMMB Group’s 2016/2017 financial year was another successful one, for brand JMMB. The year was consistently marked by the execution of a number of activities that served to attain two major strategic imperatives: (1) building the awareness and strengthening the equity of the JMMB brand; and (2) supporting the organisation’s growth, both of which contribute to the objective of revenue generation.

In each of the offices in the three countries in which JMMB has operations, there is a team of marketing professionals who manage the implementation of the marketing activities in that country. The operations of these teams are streamlined within an overall Group marketing framework, which is informed by the requisite policies and guidelines that ensure there is uniformity in how the brand is represented, across the region.

JAMAICA

JMMB continues to rank among the top five financial services brands in Jamaica (according to our annually-conducted brand tracker survey). Among the highlights of major marketing initiatives for the financial year, was the development and introduction of JMMB Her Wealth, a packaged financial solution that was specially-designed to support the unique financial goals and needs of women. The first of its kind to the market, JMMB Her Wealth provides a combination of deposit, investment, loan and insurance offerings.



TRINIDAD AND TOBAGO

In Trinidad and Tobago (T&T), JMMB’s major accomplishments included an advertising and public relations campaign, to support the rebranding of the former InterCommercial Bank to become JMMB Bank; as well as the launch of JMMB’s integrated financial services location in the South Park Mall in Tarouba, San Fernando, Trinidad. The new flagship location at South Park now offers clients products and services from JMMB Bank, JMMB Investments and JMMB Securities, in one convenient, modern and comfortable location.

DOMINICAN REPUBLIC

On the heels of the campaign roll-out and grand opening of the new JMMB Group offices in Santo Domingo, in the previous financial year, the marketing activities in the Dominican Republic (DR), were largely focused on engaging current and prospective clients in initiatives that supported one of JMMB’s key mandates, financial education. A number of online and face-to-face activities and events were successfully carried out, in order to give individuals and businesses the product and market information they needed, to help them chart a course for their financial future, in partnership with JMMB.

The JMMB Group marketing team is proud to continue to manage the growth of the JMMB brand, in a way that not only stays true to the vision and legacy of our co-founders, but also derives value for all of our stakeholders. We thank everyone for their ongoing partnership and, indeed, look forward to another successful year.

Information Technology Report

As the JMMB Group continues to expand across the region, the Technology Unit continues its build out in areas such as development, network & infrastructure, information security, quality assurance and management information systems. In support of this expansion, a target operating model was designed to effect changes in our business operations and the level of service delivery for the Group of Companies. For the 2016/17 year, the goal was to achieve continued operational efficiency, develop stronger security measures, and employ an integrated system. As such, the Group sought to improve its efficiency, in transaction processing, customer servicing, and product development by leveraging the latest technologies and software development.

As the Group embarks on the conversion from Merchant Bank to Commercial Bank, a major software development effort is being undertaken to include new features on our internet banking platform while enhancing our core banking platform. The core banking enhancements, included the establishment of proof operations and the required interfaces to facilitate becoming a member of the J.E.T.S. Network for cheque clearings and electronic funds transfers. For internet banking, these enhancements include straight-through processing for electronic fund transfers across the local bank network, bill payments, payment to internal loan accounts, international wires, and other internal transfers within the Bank. These features are expected to significantly enhance our customer service, and drive efficiencies even as we seek to reduce the cost of our operations, through the increased use of the internet banking platform.

The Group also continued to focus on improvements to our internal processes in order to increase output, and reduce costs. An area in which major gains were attained, is our Software

Quality Assurance Unit. The introduction of an automated testing tool, ensured that the unit was able to reduce considerably the testing time required for the internet banking platform. The unit will extend the use of this tool to other projects to attain even greater cost reduction and efficiencies.

At JMMB, we pride ourselves in having an IT infrastructure, that is managed according to industry standards and best practices, and in implementing solutions with improved capabilities for core systems. The upgrade of our network infrastructure can therefore be considered one of our major accomplishments for the 2016 period. Additionally, an overhaul of JMMB's network backbone was done to mitigate disruptions to our core banking platform. This led to a faster, more secure and reliable network. Our server environment was also enhanced to ensure faster performance for business services and applications, improved uptime, and easier administration.

Cyber security has become a widespread issue and JMMB has ensured that the necessary steps are being taken to protect its technological assets against any form of cyber-attacks. The Company is committed to protecting its network and systems from security breaches. This commitment is ensured through 24-hour monitoring of critical assets, the application of robust controls to our websites and a significant boost to our cyber security awareness and training program.

JMMB is also focused on implementing and managing a data warehouse infrastructure that improves reporting and business intelligence needs across the Group. Integration of data into the Group data warehouse has started for Jamaica and Trinidad and Tobago. The project is slated to be completed during the 2017/18 financial year.

Report of the Directors

For the year ended March 31, 2017

The Directors are pleased to present their report for the year ended March 31, 2017, and submit the Consolidated Income Statement and the Consolidated Statement of Financial Position.

GROUP RESULTS

- Operating revenue net of interest expense was **J\$14.65 billion (2016: J\$11.42 billion)**
- The profit before income tax was **J\$4.16 billion (2016: J\$2.6 billion)**
- The profit attributable to equity holders of the parent after income tax was **J\$3.35 billion (2016: J\$2.29 billion)**
- Shareholders' equity was **J\$26.79 billion (2016: J\$22.72 billion)**

The Directors recommend that the interim dividends paid on June 30, 2016, December 20, 2016 be ratified and declared as final and that no further dividend be paid in respect of the year under review.

In accordance with Article 105 of the Company's Articles of Association, the Directors retiring from office by rotation are Mr. Archibald Campbell, Mr. Andrew Cocking, Dr Anne Crick and Mrs. Audrey Deer Williams who, being eligible, offer themselves for re-election.

In accordance with Article 108 of the Articles of Incorporation, the following Directors, Patricia Dailey-Smith and Mr. H. Wayne Powell, having been appointed during the year, retire and are eligible for re-election.

The auditors KPMG Chartered Accountants, have indicated their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

The Directors wish to thank management and all team members of the Group for their performance during the year under review.

As always, we wish to express our sincere appreciation to the clients and our shareholders for their continued support and partnership.

By Order of the Board
Dated this July 1, 2017



Carolyn DaCosta
Corporate Secretary

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Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 158 to 239, which comprise the group's and company's statements of financial position as at 31 March 2017, the group's and company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at 31 March 2017, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

W. Gihan C. de Mel
Nyssa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Fair value of investments*

<i>Key Audit Matter [see notes 15 and 29(a)]</i>	<i>How the matter was addressed in our audit</i>
The group's investments measured at fair value represent 61% (2016: 54%) of the group's total assets. 99% of these investments were categorised as Level 2 in the fair value hierarchy, as no quoted prices are available for these instruments. Valuation of these investments, although based on observable inputs, involves the exercise of judgement and the use of assumptions. Management used valuation techniques which require inputs such as market yields obtained from established yield curves. These assumption are subject to significant judgement, and could therefore result in a material misstatement.	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none">• Assessing and testing the design and operating effectiveness of the group's controls over the determination and computation of fair values.• Challenging the reasonableness of yields/prices by comparison to independent third party pricing sources.• Assessing the reasonableness of significant assumptions used by such third-party pricing sources.• Involving our own valuation specialists to determine/obtain yields/prices of specific securities and comparing these to those used by management.• Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Impairment of investments, loans and notes receivable*

<i>Key Audit Matter</i> <i>[see notes 34(b)(iv), 12 and 15 to the financial statements]</i>	<i>How the matter was addressed in our audit</i>
<p>The estimation of the impairment allowance on investments, loans and notes receivable on an individual and aggregate basis requires management to make judgements to determine whether there is objective evidence that these instruments should be classified as impaired arising from repayment default or adverse economic conditions. Management also makes assumptions in determining the estimated future cash flows from the instruments to determine the impairment allowance. Estimates of expected cash flows require management to use judgement in estimating the values of collateral held, cost to sell the collateral and the time to liquidate such collateral, as relevant. The combination of estimates and judgements increases the risk that management's estimate would be materially misstated.</p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> • Testing controls over the group's impairment process, such as: <ul style="list-style-type: none"> (a) controls over the completeness and accuracy of the data used to determine impaired loans. (b) management review of the recoverable value calculations. • Challenging management's identification of impaired instruments by reviewing a sample of instruments and assessing whether or not they were appropriately classified, based on the criteria for determining objective evidence of impairment. • Testing a sample of impairment calculations by assessing the forecasts of expected cash flows and challenging assumptions using externally available information as well as historical trends. • Assessing whether disclosures in the financial statements are adequate in respect of the group's exposure to credit risk and measurement of impairment allowances.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 156 - 157, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

Chartered Accountants
Kingston, Jamaica

May 30, 2017



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

JMMB GROUP LIMITED
Consolidated Profit and loss Account
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Net Interest Income and Other Revenue			
Interest income	5	14,712,377	13,337,436
Interest expense	5	(7,944,690)	(7,834,033)
Net interest income		6,767,687	5,503,403
Fee and commission income		918,301	749,135
Gains on securities trading, net		5,376,536	4,018,454
Fees earned from managing funds on behalf of clients		369,014	218,254
Foreign exchange margins from cambio trading		1,218,518	934,829
Operating revenue net of interest expense		14,650,056	11,424,075
Other income			
Dividends		31,258	24,023
Other		12,167	9,581
		14,693,481	11,457,679
Operating Expenses			
Staff costs	6	(5,390,462)	(4,367,807)
Other expenses	7	(5,055,760)	(4,413,458)
		(10,446,222)	(8,781,265)
Operating Profit		4,247,259	2,676,414
Impairment loss on intangible asset	18	-	(13,392)
Impairment loss on financial assets	15	(8,745)	(61,810)
Loss on acquisition of net assets of overseas entity	26(a)	(87,646)	-
Gain/(loss) on disposal of property, plant and equipment		5,178	(5,655)
Profit before Taxation		4,156,046	2,595,557
Taxation	8	(805,515)	(296,326)
Profit for the Year		3,350,531	2,299,231
Attributable to:			
Equity holders of the parent		3,312,838	2,264,589
Non-controlling interest	27	37,693	34,642
		3,350,531	2,299,231
Earnings per stock unit	9	\$2.03	\$1.39

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Profit or Loss
and Other Comprehensive Income
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Profit for the Year		3,350,531	2,299,231
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Unrealised gains/(losses) on available-for-sale securities		1,333,917	(1,126,650)
Related tax	20	(257,695)	223,667
Foreign exchange differences on translation of foreign subsidiaries		303,586	167,462
Total other comprehensive income/(loss), net of tax		1,379,808	(735,521)
Total comprehensive income for year		4,730,339	1,563,710
Total comprehensive income attributable to:			
Equity holders of the parent		4,633,975	1,529,795
Non-controlling interest	27	96,364	33,915
		4,730,339	1,563,710

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Financial Position
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
ASSETS			
Cash and cash equivalents	11	20,895,153	25,509,721
Interest receivable		2,941,556	2,677,626
Income tax recoverable		1,252,062	1,446,489
Loans and notes receivable	12	47,133,134	37,450,257
Other receivables	13	1,545,162	1,791,238
Securities purchased under agreements to resell	14	915,006	221,506
Investment securities	15	171,571,803	156,976,090
Investment properties	17	473,132	457,591
Intangible assets	18	1,516,500	1,349,158
Property, plant and equipment	19	3,070,590	2,438,096
Deferred income tax assets	20	43,902	165,892
Customers' liability under acceptances, guarantees and letters of credit as per contra		198,110	123,622
		251,556,110	230,607,286


The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Financial Position (Cont'd)
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
STOCKHOLDERS' EQUITY			
Share capital	21	1,864,554	1,864,554
Retained earnings reserve	22(a)	9,605,055	9,605,055
Investment revaluation reserve	22(b)	2,202,115	1,152,069
Cumulative translation reserve	22(c)	312,246	41,155
Retained earnings		11,922,100	9,261,483
		<u>25,906,070</u>	<u>21,924,316</u>
Non-controlling interest	27	888,629	792,265
		<u>26,794,699</u>	<u>22,716,581</u>
LIABILITIES			
Customer deposits		49,087,517	41,296,373
Due to other banks		418,313	499,166
Securities sold under agreements to repurchase	23	156,647,595	149,262,369
Notes payable	24	4,525,306	4,414,355
Redeemable preference shares	21	8,837,821	8,556,784
Deferred income tax liabilities	20	1,232,702	677,531
Interest payable		1,158,780	1,170,402
Income tax payable		208,477	117,795
Other payables		2,446,790	1,772,308
Liabilities under acceptances, guarantees and letters of credit as per contra		198,110	123,622
		<u>224,761,411</u>	<u>207,890,705</u>
		<u>251,556,110</u>	<u>230,607,286</u>

Approved for issue by the Board of Directors on 30 May, 2017 and signed on its behalf by:


Archibald Campbell Chairman


Keith P. Duncan Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to Equity holders of the Parent	Non- Controlling Interest	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 31 March 2015	1,864,054	9,605,055	2,037,032	(109,014)	7,567,587	20,964,714	758,350	21,723,064
Profit for the year	-	-	-	-	2,264,589	2,264,589	34,642	2,299,231
Other comprehensive income for 2016:								
Unrealised losses on available-for-sale securities, net of tax	-	-	(884,963)	-	-	(884,963)	(18,020)	(902,983)
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	150,169	-	150,169	17,293	167,462
Total other comprehensive income	-	-	(884,963)	150,169	-	(734,794)	(727)	(735,521)
Total comprehensive income	-	-	(884,963)	150,169	2,264,589	1,529,795	33,915	1,563,710
Transactions with owners of the company								
Issue of shares	500	-	-	-	-	500	-	500
Dividends	-	-	-	-	(570,693)	(570,693)	-	(570,693)
Balances at 31 March 2016	1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581
Profit for the year	-	-	-	-	3,312,838	3,312,838	37,693	3,350,531
Other comprehensive income for 2017:								
Unrealised gains on available-for-sale securities, net of tax	-	-	1,050,046	-	-	1,050,046	26,176	1,076,222
Foreign exchange differences on translation of foreign subsidiaries' balances	-	-	-	271,091	-	271,091	32,495	303,586
Total other comprehensive income	-	-	1,050,046	271,091	-	1,321,137	58,671	1,379,808
Total comprehensive income	-	-	1,050,046	271,091	3,312,838	4,633,975	96,364	4,730,339
Transactions with owners of the company								
Dividends	-	-	-	-	(652,221)	(652,221)	-	(652,221)
Balances at 31 March 2017	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Cash Flows
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Profit for the year		3,350,531	2,299,231
Adjustments for:			
Interest income	5	(14,712,377)	(13,337,436)
Interest expense	5	7,944,690	7,834,033
Dividend income		-	(24,023)
Income tax charge	8	805,515	296,326
Loss on acquisition of net assets of overseas entity	26	87,646	-
Impairment loss on intangible assets	18	-	13,392
Impairment loss on financial assets	15	8,745	61,810
Amortisation of intangible assets	18	195,015	162,873
Depreciation of property, plant and equipment	19	349,001	316,278
(Gain)/loss on sale of property, plant and equipment		(5,178)	5,655
Unrealised gains on trading securities		(147,543)	(191,375)
Foreign currency translation gains		104,915	(164,539)
		<u>(2,019,040)</u>	<u>(2,727,775)</u>
Changes in operating assets and liabilities -			
Income tax recoverable, net		194,427	684,437
Notes receivable		(9,347,213)	(4,768,066)
Other receivables		256,667	(508,152)
Securities purchased under agreements to resell		(693,500)	51,090
Customer deposits		6,762,421	1,798,837
Due to other banks		(80,853)	63,353
Other payables		656,791	(612,163)
Securities sold under agreements to repurchase		7,385,226	4,760,711
		<u>3,114,926</u>	<u>(1,257,728)</u>
Interest received		14,448,447	13,221,444
Interest paid		(7,956,312)	(7,849,226)
Taxation paid		(295,367)	(484,357)
Net cash provided by operating activities (Page 164)		<u>9,311,694</u>	<u>3,630,133</u>

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Consolidated Statement of Cash Flows (Cont'd)
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities (Page 163)		9,311,694	3,630,133
Cash Flows from Investing Activities			
Dividends received		-	24,023
Investment securities, net		(12,000,038)	(727,088)
Investment properties, net		(15,541)	-
Purchase of intangible assets	18	(304,276)	(355,600)
Purchase of property, plant and equipment	19	(986,987)	(711,530)
Proceeds from disposal of property, plant and equipment		14,650	1,142
Acquisition of subsidiaries, net of cash acquired	26	-	138,994
Net cash used in investing activities		(13,292,192)	(1,630,059)
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares		-	7,087,425
Repayment of redeemable preference shares		-	(2,759,346)
Issue of ordinary shares	21	-	500
Notes payable		-	769,971
Dividends paid	10	(652,221)	(570,693)
Net cash (used in)/provided by financing activities		(652,221)	4,527,857
Effect of exchange rate changes on cash and cash equivalents		18,151	309,402
Net (decrease)/increase in cash and cash equivalents		(4,614,568)	6,837,333
Cash and cash equivalents at beginning of year		25,509,721	18,672,388
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	20,895,153	25,509,721

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Statement of Profit and loss Account
and Other Comprehensive Income
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)


	Note	2017 \$'000	2016 \$'000
Net Interest Income and Other Revenue			
Interest income from securities	5	460,008	96,785
Interest expense	5	<u>(467,767)</u>	<u>(96,750)</u>
Net interest (expense)/income		(7,759)	35
Other income			
Dividends		652,221	570,693
Foreign exchange losses		<u>(3,353)</u>	<u>-</u>
		<u>648,868</u>	<u>570,693</u>
		641,109	570,728
Operating Expenses	7	<u>(63,125)</u>	<u>(17,448)</u>
Profit before Taxation		577,984	553,280
Taxation	8	<u>(120)</u>	<u>-</u>
Net Profit for the year, being total other comprehensive income		<u>577,864</u>	<u>553,280</u>


The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Statement of Financial Position
31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
ASSETS			
Cash and cash equivalents	11	642	7,623
Interest receivable		73,957	23,906
Income tax recoverable		31,293	13,148
Loans and notes receivable	12	5,934,345	5,680,469
Other receivables	13	13,960	9,537
Securities purchased under agreements to resell	14	343,412	506,956
Investment securities	15	919,556	919,556
Due from subsidiary	25	227,377	-
Interest in subsidiaries	16	6,800,019	6,792,019
Property, plant and equipment	19	313	313
		<u>14,344,874</u>	<u>13,953,527</u>
STOCKHOLDERS' EQUITY			
Share capital	21	1,864,554	1,864,554
Retained earnings		140,400	214,757
		<u>2,004,954</u>	<u>2,079,311</u>
LIABILITIES			
Redeemable preference shares	21	7,368,462	7,087,425
Interest payable		77,709	74,049
Other payables		3,154	3,154
Due to subsidiary	25	4,890,595	4,709,588
		<u>12,339,920</u>	<u>11,874,216</u>
		<u>14,344,874</u>	<u>13,953,527</u>

Approved for issue by the Board of Directors on 30 May, 2017 and signed on its behalf by:


Archibald Campbell Chairman


Keith P. Duncan Group Chief Executive Officer

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Statement of Changes in Stockholders' Equity
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
Profit, being total comprehensive income for period		-	553,280	553,280
Transaction with owners of the company:				
Issue of share capital	21	1,864,554	-	1,864,554
Dividend income	10	-	(570,693)	(570,693)
		1,864,554	(570,693)	1,293,861
Change in ownership interest:				
Reserve arising on group restructuring	26(c)	-	232,170	232,170
Balances at 31 March 2016		1,864,554	214,757	2,079,311
Profit, being total comprehensive income for year		-	577,864	577,864
Transaction with owners of the company:				
Dividends	10	-	(652,221)	(652,221)
Balances at 31 March 2017		1,864,554	140,400	2,004,954

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Statement of Cash Flows
Year ended 31 March 2017
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Profit for the year		577,864	553,280
Adjustments for:			
Interest income	5	(460,008)	(96,785)
Interest expense	5	467,767	96,750
Dividend income		(652,221)	(570,693)
		(66,598)	(17,448)
Changes in operating assets and liabilities -			
Income tax recoverable, net		(18,145)	-
Loans and notes receivable		(253,876)	(5,680,469)
Other receivables		(4,423)	(9,537)
Other payables		-	3,154
Securities purchased under agreements to resell		163,544	(506,956)
Due from subsidiary		(227,377)	-
Due to subsidiaries		181,007	-
		(225,868)	(6,211,256)
Interest received		409,957	72,879
Interest paid		(464,109)	(22,701)
Net cash used in operating activities		(280,020)	(6,161,078)
Cash Flows from Investing Activities			
Dividend received		652,221	570,693
Investment securities, net		-	(919,561)
Cash acquired in group reorganisation		-	337
Investment in subsidiaries		(8,000)	-
Net cash provided by/(used in) investing activities		644,221	(348,531)
Cash Flows from Financing Activities			
Issue of share capital	21	-	500
Proceeds from the issue of redeemable preference shares	21	281,039	7,087,425
Dividends paid	10	(652,221)	(570,693)
Net cash (used in)/provided by financing activities		(371,182)	6,517,232
Net (decrease)/increase in cash and cash equivalents		(6,981)	7,623
Cash and cash equivalents at beginning of year		7,623	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	11	642	7,623

The notes on pages 169 to 239 are an integral part of these financial statements

JMMB GROUP LIMITED
Notes to the Financial Statements
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1. Identification

- (a) JMMB Group Limited (the “company”) is incorporated and domiciled in Jamaica. The registered office of the company is located at 6 Haughton Terrace, Kingston 10, Jamaica. The principal activity of the company is that of holding equity investments in business enterprises.

(b) Group reorganisation

On 13 April 2015, Jamaica Money Market Brokers Limited (JMMB) under an approved Scheme of Arrangement was delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad and Tobago Stock Exchange (TTSE). Simultaneously, the ordinary shares of the new ultimate parent company, JMMB Group Limited were listed on those exchanges. The mechanics of the scheme involved the following:

- (i) The 1,630,552,530 existing JMMB ordinary shares held by members of the public being cancelled and simultaneously 1,630,552,530 new ordinary shares issued to JMMB Group Limited, making JMMB a wholly owned subsidiary of JMMB Group Limited (JMMB Group).
- (ii) In consideration of the cancellation of the existing JMMB ordinary shares, JMMB Group Limited issued ordinary shares for the benefit of each eligible person (credited and fully paid up) distributed at a rate of one new JMMB Group ordinary share for each cancelled JMMB ordinary share.
- (iii) JMMB Group subsequently applied and listed its ordinary shares on the JSE, TTSE and BSE.
- (iv) JMMB transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG’s assets and liabilities were merged with the parent company as at 31 March 2016.
- (v) Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc was wound up during the financial year and Capital & Credit Financial Group is being wound up.

As the reorganisation is a transaction among entities under common control, the Group has applied predecessor value method of accounting. Under the predecessor method:

- The Group does not restate assets and liabilities to their fair values. Instead, the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arises.
- The consolidated financial statements incorporate the combined companies’ results as if the companies had always been combined.
- The corresponding amounts in the consolidated financial statements for the previous year reflect the results of the combined companies, as though the restructuring occurred at the beginning of the prior year.

JMMB GROUP LIMITED
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1. Identification (Continued)

(c) Acquisition of Banco Rio De Ahorro Y Credito

On 1 July 2015, JMMB Holding Company Limited, SRL, a 100% owned subsidiary of Jamaica Money Market Brokers Limited, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic, for US\$2,150,000 (J\$252.7 million) (see note 26).

(d) JMMB Group Limited has interest in several subsidiaries which are listed below. The company and its subsidiaries are collectively referred to as "Group".

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
JMMB Merchant Bank Limited	100		Jamaica	Merchant Banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
JMMB Securities Limited		100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited		100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited		100	Jamaica	Real estate holding
Capital & Credit Securities Limited		100	Jamaica	Investment holding
JMMB Fund Managers Limited		100	Jamaica	Fund management
JMMB International Limited		100	St. Lucia	Investment holding and management
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited, formerly Intercommercial Bank Limited and its subsidiary,		100	Trinidad and Tobago	Commercial banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
JMMB Holding Company, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa, S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora de Fondos de Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A.		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

JMMB GROUP LIMITED
Notes to the Financial Statements
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2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Details of the Group's accounting policies, including changes during the year, are included in notes 33 and 34.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for the following:

- Certain financial instruments measured at fair value through profit or loss.
- available-for-sale financial assets measured at fair value.
- Investment properties measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the company, and are expressed in thousands of dollars unless otherwise stated.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3.

(e) Comparative information:

Wherever necessary, the comparative figures are reclassified to conform to the current year's presentation.

JMMB GROUP LIMITED
Notes to the Financial Statements
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3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investments, loans, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 15 and 29).

(iii) Impairment of intangible assets

Impairment of intangible assets with indefinite useful lives is dependent upon management's internal assessment of future cash flows from the intangibles. That internal assessment determines the amount recoverable from future use of these assets. The estimate of the amount recoverable from future use of these assets is sensitive to the discount rates and other assumptions used (note 18).

(b) Critical accounting judgements in applying the Group's accounting policies

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 34(b).
- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 34(b).

JMMB GROUP LIMITED
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4. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's activities are organised into three main business segments:

- (i) Financial and related services which include securities brokering, stock brokering, portfolio planning, funds management and investment advisory services.
- (ii) Banking and related services which include taking deposits, granting loans and other credit facilities and foreign currency trading.
- (iii) Other represents remittance and related services, insurance brokering, investment and real estate holding.

	The Group				
	2017				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	16,503,446	6,002,351	132,374	-	22,638,171
Inter-segment revenue	956,775	249,246	2,226	(1,208,247)	-
Total segment revenue	17,460,221	6,251,597	134,600	(1,208,247)	22,638,171
Segment results	3,049,937	1,201,805	(4,483)	-	4,247,259
Impairment loss on financial asset					(8,745)
Loss on acquisition of net assets of overseas entity					(87,646)
Gain on disposal of property plant and equipment					5,178
Profit before tax					4,156,046
Taxation					(805,515)
Profit for the year					3,350,531
 Total segment assets	 226,090,958	 74,362,468	 1,472,884	 (50,370,200)	 251,556,110
 Total segment liabilities	 202,098,714	 61,841,430	 1,419,668	 (40,598,401)	 224,761,411
 Interest income	 10,493,688	 4,213,051	 5,638	 -	 14,712,377
Interest expense	6,399,342	1,545,348	-	-	7,944,690
Operating expenses	6,787,822	3,519,317	139,083	-	10,446,222
Depreciation and amortisation	366,717	164,666	12,633	-	544,016
Capital expenditure	614,279	348,676	328,308	-	1,291,263

JMMB GROUP LIMITED
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4. Segment Reporting (Continued)

	The Group				
	2016				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External revenues	14,541,815	4,623,257	126,640	-	19,291,712
Inter-segment revenue	469,995	151,762	12,568	(634,325)	-
Total segment revenue	15,011,810	4,775,019	139,208	(634,325)	19,291,712
Segment results	2,007,149	670,711	(1,446)	-	2,676,414
Impairment loss on intangible asset					(13,392)
Impairment loss on financial asset					(61,810)
Loss on disposal of property plant and equipment					(5,655)
Profit before tax					2,595,557
Taxation					(296,326)
Profit for the year					2,299,231
 Total segment assets	 210,023,583	 64,113,568	 1,115,714	 (44,645,579)	 230,607,286
 Total segment liabilities	 187,555,289	 54,426,927	 1,056,633	 (35,148,144)	 207,890,705
 Interest income	 9,801,325	 3,532,676	 3,435	 -	 13,337,436
Interest expense	6,483,038	1,350,995	-	-	7,834,033
Operating expenses	5,668,329	2,971,395	141,541	-	8,781,265
Depreciation and amortisation	295,046	172,824	11,281	-	479,151
Capital expenditure	635,249	272,407	159,474	-	1,067,130

5. Net Interest Income/(Expense)

	The Group		The Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest income				
Cash and cash equivalents	82,494	34,815	-	34
Loans and notes receivable	3,790,416	2,925,282	367,687	86,943
Resale agreements	30,236	48,500	24,596	6,479
Investment securities	10,809,231	10,328,839	67,725	3,329
Total interest income	14,712,377	13,337,436	460,008	96,785
Interest expense				
Repurchase agreements	5,880,575	5,037,753	-	-
Notes payable	498,246	1,685,163	-	-
Customer deposits	987,797	795,908	-	-
Redeemable preference shares	578,072	315,209	467,767	96,750
Total interest expense	7,944,690	7,834,033	467,767	96,750
Net interest income/(expense)	6,767,687	5,503,403	(7,759)	35

JMMB GROUP LIMITED
Notes to the Financial Statements
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6. Staff Costs

	The Group	
	2017	2016
	\$'000	\$'000
Salaries and benefits, including profit-related pay	4,175,618	3,493,156
Statutory payroll contributions	374,062	278,496
Pension costs (Note 30)	172,107	144,145
Training and development	104,349	175,423
Other staff benefits	564,326	276,587
	5,390,462	4,367,807

7. Operating Expenses

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Marketing, corporate affairs and donations	531,947	424,636	30,394	-
Depreciation and amortisation	544,016	479,151	-	-
Directors' fees	152,007	102,473	16,259	-
Irrecoverable – GCT	291,940	216,872	3,517	-
Insurance	138,900	157,900	-	-
Auditors' remuneration	93,446	78,870	5,356	2,500
Asset tax	404,543	393,334	-	-
Information technology	515,697	407,814	12	-
Legal and professional fees	634,586	587,403	4,538	14,948
Repairs and maintenance	162,508	142,623	-	-
Travel and entertainment	101,842	101,577	131	-
Office rental	375,830	244,979	-	-
Loan loss	256,280	195,820	-	-
Security	159,925	236,916	544	-
Stationery, printing and postage	111,176	130,397	179	-
Utilities	207,103	195,528	-	-
Bank charges and interest	171,751	175,674	85	-
Other	202,263	141,491	2,110	-
	5,055,760	4,413,458	63,125	17,448

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8. Taxation

- (a) Income tax for the company is computed at 25% on the profit for the year adjusted for tax purposes. Income taxes for all other subsidiaries are based on statutory income tax rates prevailing in each jurisdiction:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
1% tax on assets	-	405	-	-
Green fund levy	11,465	3,438	-	-
Current income tax	374,922	203,381	120	-
Prior year over provision	(338)	(2,830)	-	-
	<u>386,049</u>	<u>204,394</u>	<u>120</u>	<u>-</u>
Deferred income tax (Note 20)				
Origination and reversal of temporary differences	169,784	(253,754)	-	-
Tax benefit of losses carried forward	249,682	345,686	-	-
	<u>419,466</u>	<u>91,932</u>	<u>-</u>	<u>-</u>
	<u>805,515</u>	<u>296,326</u>	<u>120</u>	<u>-</u>

- (b) The tax on profit differs from the theoretical amount that would arise using the statutory rate of 25% as follows:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	<u>4,156,046</u>	<u>2,595,557</u>	<u>577,984</u>	<u>553,280</u>
Tax calculated at 25% (2016: 25%)	1,039,011	648,889	144,496	138,320
Adjusted for the effects of:				
Income not subject to tax	(341,057)	(577,233)	(144,376)	(144,124)
Disallowed expenses	186,663	194,955	-	-
Tax losses not recognised	64,219	42,333	-	5,804
Tax losses recovered	(145,754)	(6,773)	-	-
Effect of taxation under different tax regime	(27,792)	(13,766)	-	-
Green fund levy	11,465	3,438	-	-
Other	19,098	7,313	-	-
Over provision prior year	(338)	(2,830)	-	-
	<u>805,515</u>	<u>296,326</u>	<u>120</u>	<u>-</u>

JMMB GROUP LIMITED
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8. Taxation (Continued)

- (c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately \$2,646,885,000 (2016: \$3,866,484,000) for the Group and \$78,432,000 (2016: \$17,413,000) for the Company.

9. Earnings per Stock Unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of \$3,312,838,000 (2016: \$2,264,589,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2016: 1,630,552,532).

10. Dividends

	The Group	
	2017	2016
	\$'000	\$'000
Final dividend in respect of 2015 @ 16.0 cents per stock unit	-	260,888
Interim dividend in respect of 2016 @ 19.0 cents per stock unit	-	309,805
Final dividend in respect of 2016 @ 18.0 cents per stock unit	293,499	-
Interim dividend in respect of 2017 @ 22.0 cents per stock unit	358,722	-
	652,221	570,693

11. Cash and Cash Equivalents

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash	10,493,830	9,668,485	-	-
Balances with Central Bank	8,854,033	7,627,913	-	-
Cash equivalents	1,547,290	8,213,323	642	7,623
	20,895,153	25,509,721	642	7,623

Cash equivalents of the Group include \$1,126,575,000 (2016: \$814,505,000) held by an investment broker as security for funding provided on certain investment securities which is not available for immediate use. In addition, the Group also has a restricted amount of \$7,744,734 (2016: \$7,744,734) deposited at an interest rate of 1.5% (2016: 2.0%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group's Jamaican employees.

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12. Loans and Notes Receivable

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Corporate	21,103,648	21,807,112	-	-
Financial institutions	1,803,139	368,180	5,934,345	5,680,469
Individuals	25,547,307	16,402,755	-	-
	48,454,094	38,578,047	5,934,345	5,680,469
Less: allowance for impairment	(1,320,960)	(1,127,790)	-	-
	47,133,134	37,450,257	5,934,345	5,680,469

Allowance for impairment:

	The Group	
	2017	2016
	\$'000	\$'000
Balance at 1 April	1,127,790	1,040,290
Provision acquired	-	27,897
Charge for year	271,977	197,906
Write-offs	(83,894)	(84,485)
Translation gains/(loss)	5,087	(53,818)
Balance at 31 March	1,320,960	1,127,790

Notes receivable for the company represents loan advances to subsidiaries. Interest is payable monthly at a fixed rate of 6.0% and 7.5% per annum, repayable 14 January 2024.

Notes receivable include the balance on an interest-free revolving advance of \$324,036,605 (2016: \$324,036,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2017 was 158,170,762 (2016: 152,023,136).

JMMB GROUP LIMITED
Notes to the Financial Statements
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13. Other Receivables

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Other receivables	1,110,373	1,315,152	19,960	9,537
Staff loans	435,688	476,678	-	-
	1,546,061	1,791,830	13,960	9,537
Less: allowance for impairment	(899)	(592)	-	-
	1,545,162	1,791,238	13,960	9,537

Allowance for impairment

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	592	1,390	-	-
Charge for year	307	125	-	-
Recoveries/write-off	-	(923)	-	-
Balance at 31 March	899	592	-	-

14. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	915,006	220,000	-	506,956
Denominated in United States dollars	-	1,506	343,412	-
	915,006	221,506	343,412	506,956

Resale agreements include balances with related parties as set out in Note 25. All resale agreements mature within twelve months after the reporting date.

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (Note 23).

At the reporting date, the fair value of the securities obtained and held under resale agreements was \$934,173,000 (2016: \$231,117,000) and \$343,412,000 (2016: \$513,436,000) for the Group and Company respectively.

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15. Investment Securities

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Loans and receivables:				
Certificates of deposit	-	345,297	-	-
Government of Jamaica securities	14,492,680	18,535,833	-	-
Other sovereign bonds	240,597	94,946	-	-
Corporate:				
Government of Jamaica guaranteed	3,101,770	3,308,415	-	-
Other	161,812	13,642	-	-
	<u>17,996,859</u>	<u>22,298,133</u>	<u>-</u>	<u>-</u>
Available-for-sale securities:				
Government of Jamaica securities	97,061,290	76,086,900	-	-
Certificates of deposit	5,009,441	11,405,864	900,648	900,648
Government of Jamaica guaranteed	4,675,555	5,908,979	-	-
Corporate bonds	13,033,897	4,444,311	-	-
Other sovereign bonds	31,072,165	24,046,259	-	-
Quoted securities	422,491	378,383	-	-
Units in unit trusts	162,198	186,038	-	-
Money market funds	1,376,520	584,079	-	-
Other	88,992	170,765	18,908	18,908
	<u>152,902,549</u>	<u>123,211,578</u>	<u>919,556</u>	<u>919,556</u>
Fair value through profit or loss:				
Credit default swap	-	150,971	-	-
Corporate bonds	416,038	1,652,182	-	-
Other sovereign bonds	47,075	45,672	-	-
Quoted securities	445,331	265,426	-	-
	<u>908,444</u>	<u>2,114,251</u>	<u>-</u>	<u>-</u>
Held-to-maturity:				
Credit linked note	-	9,538,595	-	-
Sovereign bonds	57,060	97,897	-	-
	<u>57,060</u>	<u>9,636,492</u>	<u>-</u>	<u>-</u>
	171,864,912	157,260,454	919,556	919,556
Less: allowance for impairment losses	<u>(293,109)</u>	<u>(284,364)</u>	<u>-</u>	<u>-</u>
	<u>171,571,803</u>	<u>156,976,090</u>	<u>919,556</u>	<u>919,556</u>

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15. Investment Securities (Continued)

Allowance for impairment:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Balance as 1 April	284,364	259,262	-	-
Recoveries	-	(36,708)	-	-
Charge for the year	8,745	61,810	-	-
Balance as 31 March	293,109	284,364	-	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica securities:				
Within 3 months	8,216,864	70,351	-	-
From 1 year to 5 years	30,298,905	30,903,853	-	-
Over 5 years	73,038,202	63,896,268	-	-
	111,553,971	94,870,472	-	-
Certificates of deposit:				
Within 3 months	4,827,335	11,028,440	900,648	900,648
From 3 months to 1 year	100,000	443,733	-	-
From 1 year to 5 years	82,103	278,989	-	-
	5,009,438	11,751,162	900,648	900,648
Sovereign and corporate bonds:				
Within 3 months	84,025	246,571	-	-
From 3 months to 1 year	243,596	11,244,110	-	-
From 1 year to 5 years	10,756,608	5,753,603	-	-
Over 5 years	41,201,082	31,532,281	-	-
	52,285,311	48,776,565	-	-
Other [see (c) below]	2,723,083	1,577,891	18,908	18,908
	171,571,803	156,976,090	919,556	919,556

- (a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 23).
- (b) Government of Jamaica securities having an aggregate face value of \$199,000,000 (2016: \$196,750,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the company's bankers.
- (c) Other includes quoted equities, unit trusts and interest in pooled money market fund, for which there are no fixed maturity dates.

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16. Interest in Subsidiaries

	Company	Company
	2017	2016
	\$'000	\$'000
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB Merchant Bank Limited	4,885,176	4,885,176
JMMB Money Transfer Limited	50,789	42,789
	6,800,019	6,792,019

17. Investment Properties

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. The valuation model considers the present value of the net cash flows that can be generated from the property, the condition of the buildings and their location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties generated revenue of \$1,437,000 (2016: \$1,928,000) and incurred expenses of \$8,434,000 (2016: \$9,753,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy as described in Note 29.

The technique used to determine the fair value of the Group's investment properties is as follows.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>Market approach. This model takes into account:</p> <ul style="list-style-type: none"> The fact that the intention is to dispose of the property in an open market transaction The expected sale would take place on the basis of a willing seller and willing buyer; A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and The property will be freely exposed to the market. 	<ul style="list-style-type: none"> Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. The strength of demand for the property, given its condition, location and range of potential uses. The potential rental value of the property in the current investment climate. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> The strength of the demand is greater/(less) than judged. The potential rental income from the property is greater/ (less) than judged.

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18. Intangible Assets

	Computer Software \$'000	Customer List and Core Deposits \$'000	Licence \$'000	Goodwill \$'000	Other \$'000	Total \$'000
Cost						
31 March 2015	706,198	567,194	227,995	17,363	316,496	1,835,246
Acquired in business combination [Note 26(b)]	-	-	51,216	10,615	35,112	96,943
Additions	355,600	-	-	-	-	355,600
Exchange rate adjustment	2,835	5,620	3,381	-	4,837	16,673
31 March 2016	1,064,633	572,814	282,592	27,978	356,445	2,304,462
Acquired in business combination (Note 26)	-	15,123	-	-	-	15,123
Additions	304,276	-	-	-	-	304,276
Reclassification	14,616	-	-	-	-	14,616
Exchange adjustment	192	22,702	6,797	323	4,668	34,682
31 March 2017	1,383,717	610,639	289,389	28,301	361,113	2,673,159
Accumulated Amortisation						
31 March 2015	435,969	125,092	-	-	213,908	774,969
Charge for the year	68,702	55,162	-	-	39,009	162,873
Impairment	-	-	-	-	13,392	13,392
Exchange rate adjustment	990	820	-	-	2,260	4,070
31 March 2016	505,661	181,074	-	-	268,569	955,304
Charge for the year	137,278	57,737	-	-	-	195,015
Exchange adjustment	(1)	1,673	-	-	4,668	6,340
31 March 2017	642,938	240,484	-	-	273,237	1,156,659
Net Book Value						
31 March 2017	740,779	370,155	289,389	28,301	87,876	1,516,500
31 March 2016	558,972	391,740	282,592	27,978	87,876	1,349,158
31 March 2015	270,229	442,102	227,995	17,363	102,588	1,060,277

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18. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinites useful lives

Licences recognised in JMMB (Trinidad & Tobago) Limited and JMMB Holding Company Limited, SRL

The recoverable amount of the cash generating units (CGUs) in which the licences are included was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The licences were valued using “with-and-without” (WOW) method which compares the present value of the cash flows “with the asset” in place to the present value of cash flows “without the asset.”

The key assumptions used in the estimation of the recoverable amounts were as follows:

	2017	2016
Discount rate	14%, 15.5%	14%, 15.5%
Long-term growth rate	3%	3%
Time to obtain licence	3-5 years	3-5 years

The discount rates were post-tax measures determined based on rates used for similar assets in the relevant countries, business risks and other company specific risks.

The cash flow projections include specific estimates for ten years and a terminal growth rate thereafter. The terminal growth rate was determined based on management’s estimate of the long-term compounded annual growth rates, consistent with assumption that a market participant would make. A ten year cash flow projection is considered more reflective of a stabilized level of earnings to estimate terminal value.

The estimated recoverable amounts of the CGUs was estimated to be higher than their recoverable amount and no impairment was identified.

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19. Property, Plant and Equipment

The Group						
	Freehold Land and Buildings \$'000	Leasehold Improvement \$'000	Motor Vehicles \$'000	Computer Equipment \$'000	Equipment, Furniture and Fittings \$'000	Total \$'000
Cost						
31 March 2015	1,213,100	575,915	57,617	663,437	1,516,794	4,026,863
Acquired on business combination (Note 26)	-	-	-	4,079	1,343	5,422
Additions	315,969	166,009	1,659	76,845	151,048	711,530
Disposals	-	(17,125)	-	-	(5,967)	(23,092)
Exchange adjustment	690	12,017	141	(570)	21,556	33,834
31 March 2016	1,529,759	736,816	59,417	743,791	1,684,774	4,754,557
Additions	569,490	56,710	-	199,871	160,916	986,987
Transfer	(204,267)	117,544	-	-	86,723	-
Reclassification	(5,815)	(40,289)	-	-	31,488	(14,616)
Disposals	-	(26,061)	(11,452)	-	(11,533)	(49,046)
Exchange adjustment	3,202	19,270	60	1,648	31,112	55,292
31 March 2017	1,892,369	863,990	48,025	945,310	1,983,480	5,733,174
Accumulated Depreciation						
31 March 2015	121,902	366,753	27,148	470,992	1,006,380	1,993,175
Acquired on business combination (Note 26)	-	-	-	1,548	1,197	2,745
Charge for the year	23,634	51,625	10,377	96,909	133,733	316,278
Disposals	-	(11,353)	-	-	(4,942)	(16,295)
Exchange adjustment	-	5,502	-	(965)	16,021	20,558
31 March 2016	145,536	412,527	37,525	568,484	1,152,389	2,316,461
Charge for the year	29,012	68,346	8,367	175,306	67,970	349,001
Disposals	-	(19,982)	(8,422)	-	(11,170)	(39,574)
Exchange adjustment	-	19,059	-	(73,560)	91,197	36,696
31 March 2017	174,548	479,950	37,470	670,230	1,300,386	2,662,584
Net Book Value						
31 March 2017	1,717,821	384,040	10,555	275,080	683,094	3,070,590
31 March 2016	1,384,223	324,289	21,892	175,307	532,385	2,438,096
31 March 2015	1,091,198	209,162	30,469	192,445	510,414	2,033,688

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19. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Acquired on group reorganisation and balance at 31 March 2016 and 31 March 2017	10,271	3,493	45	13,809
Depreciation				
Acquired on group reorganisation and balance at 31 March 2016 and 31 March 2017	9,958	3,493	45	13,496
Net Book Value				
31 March 2017	313	-	-	313
31 March 2016	313	-	-	313

20. Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority on either the taxable entity or a different taxable entity where there is an intention to settle the balances on the net basis.

Deferred income tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33½% as deferred tax is currently applicable only to the jurisdiction that applies this rate.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group	
	2017	2016
	\$'000	\$'000
Deferred income tax assets	43,902	165,892
Deferred income tax liabilities	(1,232,702)	(677,531)
Net deferred income tax liabilities	(1,188,800)	(511,639)

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20. Deferred Income Tax (Continued)

Deferred income tax assets and deferred income liabilities are due to the following items:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets -				
Investments	898,838	884,841	-	-
Other payables	22,028	24,535	-	-
Property, plant and equipment	22,618	4,501	-	-
Interest payable	343,554	342,828	-	-
Tax losses carried forward	222,521	472,203	-	-
	<u>1,509,559</u>	<u>1,728,908</u>	<u>-</u>	<u>-</u>
Deferred income tax liabilities -				
Investments	467,927	135,914	-	-
Unrealised foreign exchange gains	1,669,934	1,606,552	-	-
Property, plant and equipment	9,261	5,723	-	-
Accounts receivable	1,597	1,846	-	-
Interest receivable	549,640	490,512	-	-
	<u>2,698,359</u>	<u>2,240,547</u>	<u>-</u>	<u>-</u>
Net deferred income tax liabilities	<u>(1,188,800)</u>	<u>(511,639)</u>	<u>-</u>	<u>-</u>

The movement for the year in the net deferred tax is as follows:

	2017			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
		(Note 8)		
Tax losses carried forward	472,203	(249,682)	-	222,521
Investments	748,927	(60,321)	(257,695)	430,911
Accounts payable	24,535	(2,507)	-	22,028
Property plant and equipment	(1,222)	14,579	-	13,357
Interest payable	342,828	726	-	343,554
Unrealised gains	(1,606,552)	(63,382)	-	(1,669,934)
Accounts receivable	(1,846)	249	-	(1,597)
Interest receivable	(490,512)	(59,128)	-	(549,640)
	<u>(511,639)</u>	<u>(419,466)</u>	<u>(257,695)</u>	<u>(1,188,800)</u>

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20. Deferred Income Taxes (Continued)

	2016			
	The Group			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	\$'000	\$'000	\$'000	\$'000
		(Note 8)		
Tax losses carried forward	125,517	346,686	-	472,203
Investments	558,554	(33,294)	223,667	748,927
Accounts payable	9,893	14,642	-	24,535
Property plant and equipment	(14,230)	13,008	-	(1,222)
Interest payable	372,369	(29,541)	-	342,828
Unrealised gains	(1,151,681)	(454,871)	-	(1,606,552)
Accounts receivable	-	(1,846)	-	(1,846)
Interest receivable	(543,796)	53,284	-	(490,512)
	(643,374)	(91,932)	223,667	(511,639)

21. Share Capital

	2017 Number of Shares (‘000)	2016 Number of Shares (‘000)
Authorised:		
Ordinary stock units of no par value	1,816,400	1,816,400
Fixed rate cumulative redeemable preference shares of no par	6,000,000	6,000,000
	7,816,400	7,816,400
	2017 Number of Shares (‘000)	2016 Number of Shares (‘000)
Issued ordinary share capital:		
Ordinary stock units in issue	1,630,552	1,630,552

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21. Share Capital (Continued)

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Stated capital:				
1,630,552,532 (2016: 1,630,552,532) ordinary stock units	1,864,554	1,864,554	1,864,554	1,864,554
715,482,000 7.50% cumulative redeemable preference stock units	1,430,964	1,430,964	-	-
15,358,000 7.25% cumulative redeemable preference stock units	38,395	38,395	-	-
14,151,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
320,250 5.75% cumulative redeemable preference stock units	41,063	38,974	41,063	38,974
42,783,500 US\$ 6.00% cumulative redeemable preference stock units	5,485,700	5,206,752	5,485,700	5,206,752
	<u>10,702,375</u>	<u>10,421,338</u>	<u>9,233,016</u>	<u>8,951,979</u>
Less: redeemable preference stock units classified as liability	<u>(8,837,821)</u>	<u>(8,556,784)</u>	<u>(7,368,462)</u>	<u>(7,087,425)</u>
	<u>1,864,554</u>	<u>1,864,554</u>	<u>1,864,554</u>	<u>1,864,554</u>

On 14 January 2016, the company issued 14,151,000 and 1,827,548,000 7.25% and 7.50% fixed rate cumulative redeemable preference shares and 320,250 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J\$1.00 and US\$1.00 per share, respectively, by public offering.

The significant terms and conditions of the preference stock units are as follows:

- (i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;
- (ii) The right, on winding up, to receive all arrears of dividend and repayment of the capital in priority to the ordinary shareholders;
- (iii) No right to vote, except where dividends are not paid for twelve months or on winding up of the company.

The rights attaching to the ordinary shares include the following:

- (i) Entitlement of dividends as declared from time to time (Note 10).
- (ii) Entitlement to one vote per share at meetings of the Company.

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22. Reserves

(a) Retained Earnings Reserve

In previous years, in accordance with a board resolution, a subsidiary transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the subsidiary's capital base in determining the capital adequacy ratio.

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired.

(c) Cumulative Translation Reserve

The cumulative translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Denominated in Jamaica dollars	39,998,213	48,162,021	-	-
Denominated in United States dollars	95,245,532	84,101,086	-	-
Denominated in Pound Sterling	3,009,170	3,412,372	-	-
Denominated in Euro	22,470	118,740	-	-
Denominated in Dominican Republic Peso	14,645,279	12,985,415	-	-
Denominated in Canadian dollars	510,345	482,735	-	-
Denominated in Trinidad and Tobago dollars	3,216,586	-	-	-
	156,647,595	149,262,369	-	-

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of \$166,522,193,000 (2016: \$160,067,969,000) (Notes 11, 14 and 15).

24. Notes Payable

	The Group	
	2017	2016
	\$'000	\$'000
(i) Senior Unsecured US\$ Fixed Note	2,444,258	2,434,000
(ii) Subordinated debt	1,521,600	1,474,400
(iii) Subordinated debt	559,448	505,955
	4,525,306	4,414,355

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24. Notes Payable (Continued)

- (i) This note bore interest at 6.75% per annum, with interest payable on a quarterly basis up to its maturity on 18 July, 2016. The noteholders exercised their option to extend the maturity to 18 July, 2019 at an interest rate of 7.75% per annum.
- (ii) This represents subordinated debt of TT\$80 million issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum.
- (iii) This represents subordinated debt of US\$4,151,000 issued by a subsidiary for a term of (5) years, maturing on 29 June 2020, at a fixed rate of 7.0% per annum.

25. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions or if both are subject to control or significant influence by the same party.

Related companies include subsidiaries and major shareholders. Related parties include directors, key management and companies for which the Group provides management services.

- (i) The statement of financial position includes balances, arising in the normal course of business, with related parties, as follows:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Directors-				
Notes receivable	138,658	539,163	-	-
Interest payable	(202)	(155)	-	-
Customer deposits	(101,189)	(100,981)	-	-
Repurchase agreements	(39,364)	(79,927)	-	-
Major shareholders -				
Notes receivable	324,037	324,037	-	-
Subsidiaries -				
Resale agreements	-	-	343,412	506,956
Notes receivable	-	-	5,934,345	5,680,469
Interest receivable	-	-	73,957	23,906
Due from subsidiary	-	-	227,377	-
Payables	-	-	(4,890,595)	(4,709,588)

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25. Related Party Transactions and Balances (Continued)

- (ii) The profit or loss account includes the following income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Directors:				
Interest income	12,103	12,004	-	-
Interest expense	(2,078)	(3,051)	-	-
Major shareholders:				
Interest income	184	46,828	-	-
Interest expense	(15,571)	(5,045)	-	-
Subsidiaries:				
Interest income	-	-	467,767	96,785
Managed funds:				
Gain on sale of securities	1,404,631	1,122,590	-	-
Interest expense	(982,325)	(62,489)	-	-

- (iii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and senior management of the Group. The compensation paid or payable to key management for employee services is as shown below:

	The Group	
	2017	2016
	\$'000	\$'000
Directors emoluments:		
Fees (note 7)	152,007	102,473
Management remuneration	58,921	53,842
Other key management compensation:		
Short-term employee benefits	332,004	303,051
Post-employment benefits	13,762	13,645
	556,694	473,011

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26. Business Combinations

(a) Acquisition of assets and liabilities of Corporacion de Credito America S.A.

On 20 February 2017, JMMB Holding Company, SRL, a 100% owned subsidiary, acquired control of the assets and liabilities of Corporacion de Credito America S.A. a savings and loan bank in the Dominican Republic. The acquisition of the portfolio resulted in net liabilities of RD\$32.2 million (J\$87.6 million).

The net liabilities acquired were transferred simultaneously to Banco Rio De Ahorro Y Credito JMMB Bank S.A. (Banco Rio) (at the same values at which they were acquired).

JMMB Holding Company, SRL is required to invest RD\$32.2 milion (J\$87.6 million) in Banco Rio to cover the losses incurred on the acquisition.

Valuations of acquired tangible and intangible assets are not finalised. Management expects that this assessment will be concluded by the next financial year end. Details of the provisional purchase price allocation among net assets acquired are as follows:

	2017
	\$'000
Purchase consideration – cash paid	-
Fair value of net liabilities acquired	(87,646)
Loss on acquisition of portfolio	(87,646)

The assets and liabilities arising from the acquisition are as follows:

	Fair Value
	\$'000
Cash and cash equivalents	112,744
Investment securities	484,646
Loans and notes receivable	335,664
Intangible assets	15,123
Accounts receivable	10,591
Customer deposits	(1,028,723)
Accounts payable	(17,691)
Net liabilities acquired	(87,646)
Cash consideration	-
Cash equivalents acquired	112,744
Net cash inflow on acquisition	112,744

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26. Business Combinations (Continued)

(b) Acquisition of Banco Rio De Ahorro Y Credito

On 1 July 2015, JMMB Holding Company, SRL, a 100% owned subsidiary, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic for US\$2,150,000 (J\$252.7 million).

Valuations of acquired tangible and intangible assets are now finalised. Details of the purchase price allocation among net assets acquired and goodwill are as follows:

	2016
	\$'000
Purchase consideration – cash paid	252,734
Fair value of net assets acquired	(242,119)
Goodwill	<u>10,615</u>

The assets and liabilities arising from the acquisition are as follows:

	Fair Value
	\$'000
Cash and cash equivalents	391,729
Investment securities	39,919
Loans and notes receivable	757,648
Property, plant and equipment and intangible assets	2,677
Intangible assets	86,328
Accounts receivable	37,926
Customer deposits	(1,034,032)
Due to financial institutions	(781)
Accounts payable	(21,985)
Net assets	<u>259,429</u>
Net assets acquired 90%	<u>242,119</u>
Cash consideration	(252,735)
Cash and cash equivalents acquired	391,729
Net cash inflow on acquisition	<u>138,994</u>

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26. Business Combinations (Continued)

(b) Acquisition of Banco Rio De Ahorro Y Credito (continued)

Up to 31 March 2016, the acquired business contributed J\$143,100,000 in revenues and incurred operating expenses of J\$174,663,000 for the Group. If the acquisition had occurred on the 1 April 2015, management estimates that revenue contributed by the subsidiary would have been J\$182,356,000, and net loss for the year would have been J\$33,540,000. In determining these amounts management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2015.

(c) Merger of Capital & Credit Financial Group with JMMB Group Limited

On 31 March 2016, Jamaica Money Market Brokers Limited, transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG's assets and liabilities were merged with the parent company. Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc. was wound up during the year and Capital & Credit Financial Group is being wound up.

The assets and liabilities of CCFG Group transferred to JMMB Group Limited are as follows:

	\$'000
Cash and cash equivalents	337
Investment and resale agreements	648
Investment in subsidiaries	2,279,222
Property, plant and equipment and intangible assets	313
Income tax recoverable	13,096
Accounts receivable	52
Due to subsidiary	(64,999)
Accounts payable	(655)
Net assets	<u>2,228,014</u>
Purchase consideration	1,995,844
Net assets acquired	<u>(2,228,014)</u>
Reserve arising on acquisition	<u>232,170</u>
 Cash consideration	 -
Cash and cash equivalents acquired	<u>337</u>
Net cash inflow on merger	<u>337</u>

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27. Non-Controlling Interest

The following table summarises information relating to the Group's material non-controlling interest (NCI), JMMB Puesto de Bolsa, S.A. before any intra-group eliminations.

(a) Statement of financial position

	2017	2016
NCI percentage	20%	20%
	\$'000	\$'000
Total assets	25,257,375	22,390,811
Total liabilities	21,838,391	19,368,910
Net assets	<u>3,418,984</u>	<u>3,021,901</u>
Carrying amount of NCI	<u>888,630</u>	<u>792,265</u>

(b) Profit and loss account and other comprehensive income

Revenue	2,548,498	2,305,816
Profit	188,464	205,030
Other comprehensive income	290,892	140,318
Profit allocated to NCI	<u>37,693</u>	<u>34,642</u>
Other comprehensive income allocated to NCI	<u>96,364</u>	<u>33,915</u>

(c) Statement of cash flows

Cash flows from operating activities	2,366,348	(2,430,341)
Cash flows from investment activities	(2,255,689)	3,356,433
Cash flows from financing activities	145,697	(62,569)
Net (decrease)/increase in cash and cash equivalents	<u>(35,038)</u>	<u>863,523</u>

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28. Financial Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Risk management framework

The risks are managed through an established risk management framework for the Group, which involves the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

(i) Risk Management Committee

The Risk Management Committee is a Board Committee responsible for the supervision of the overall risk management functions of the Group. The committee decides the policies and strategy for integrated risk management of the various risk exposures of the Group.

(ii) Board Credit Committees

The respective Bank Board Credit Committees are responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio and has available a number of measures it can employ in this respect, including making specific and general allowances against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

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28. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(iii) Audit Committees

The Audit Committees monitor the quality of the Group's internal controls and compliance with regulatory requirements. The Audit Committee is assisted in its oversight role by the Internal Audit Function and the Risk Management Unit and Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported quarterly to the Audit Committee.

The management of certain specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committee.

(iv) Investment Committees

The Investment Committees are management committees responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(b) Credit risk

The Group assumes credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, or groups of related counterparties and to geographical and industry segments.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

(i) Loans and notes receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Rating grades	Description of the grade
1	Excellent
2	Good credit
3	Average credit
4	Acceptable
5	Marginal
6	Substandard
7	Doubtful

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Credit review process (continued)

(i) Loans and notes receivable (continued)

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and to take corrective action.

Loan and notes receivable that are cash secured are not included in a credit classification, based on the Group's rating grades.

(ii) Investments and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

The Group has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Group's exposure and the credit ratings of its counterparties are continually monitored.

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is continually reviewed by the Risk Management Committee.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Resale agreements – Government of Jamaica and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary, requests additional collateral in accordance with the underlying agreement.

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk

Impairment

The main considerations for the loans and notes receivable impairment assessments include arrears of principal, or interest overdue by more than 90 days, or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract.

The Group addresses impairment assessment by reviewing all loans and notes receivable with risk ratings of 5 and above.

Individually assessed allowances are provided for financial assets based on a review conducted at least quarterly, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating tool assists management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

Credit quality

The credit quality of the Group's loan portfolio is stated below:

	The Group		The Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Neither past due nor impaired – standard	38,841,508	30,016,608	5,934,345	5,680,469
Past due but not impaired	5,937,433	5,258,333	-	-
Past due and impaired	3,675,153	3,303,106	-	-
Gross	48,454,094	38,578,047	5,934,345	5,680,469
Less: allowance for impairment	(1,320,960)	(1,127,790)	-	-
Net	47,133,134	37,450,257	5,934,345	5,680,469

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The aging of the Group's past due loans at the reporting date was as follows:

	The Group	
	2017	2016
	\$'000	\$'000
Past due 1 – 30 days	3,964,420	3,481,705
Past due 31 – 60 days	1,783,478	1,112,281
Past due 61 – 90 days	1,157,934	652,148
More than 90 days	2,706,754	3,315,305
	<u>9,612,586</u>	<u>8,561,439</u>

Loans become past due when payments are not received on contractual repayment dates. The majority of past due loans are not considered impaired.

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum credit exposure, that is, the amount of loss that would be suffered if every counter-party to the Group's financial assets were to default at once, is represented as follows:

- (1) For financial assets recognised at the reporting date:

The carrying amounts of financial assets as shown on the statement of financial position.

- (2) For financial assets not recognised at the reporting date:

	The Group	
	2017	2016
	\$'000	\$'000
Loan commitments	2,194,035	2,072,600
Guarantees and letters of credit	1,395,058	44,948
	<u>3,589,093</u>	<u>2,117,548</u>

- (i) Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use.

The carrying value of the loans on which the collateral was repossessed during the year was \$55,503,000 (2016: \$35,710,000).

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

There are no loan that would otherwise be past due or impaired, whose terms have been renegotiated.

(iii) The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

The Group					
2017					
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Government of Jamaica	-	-	-	111,695,795	111,695,795
Other sovereign bonds	-	-	-	37,696,764	37,696,764
Bank of Jamaica	3,063,479	-	-	4,903,388	7,966,867
Corporate	-	20,113,191	-	15,076,939	35,190,130
Financial institutions	17,831,674	1,803,139	915,006	2,198,917	22,748,736
Retail	-	25,216,804	-	-	25,216,804
	<u>20,895,153</u>	<u>47,133,134</u>	<u>915,006</u>	<u>171,571,803</u>	<u>240,515,096</u>
Concentration by location					
Jamaica	8,803,724	24,438,256	915,006	126,275,409	160,432,395
North America	1,894,188	135,390	-	1,849,322	3,878,900
Trinidad and Tobago	7,598,973	20,582,029	-	19,270,138	47,451,140
Dominican Republic	2,403,079	1,785,779	-	22,604,756	26,793,614
Other	195,189	191,680	-	1,572,178	1,959,047
	<u>20,895,153</u>	<u>47,133,134</u>	<u>915,006</u>	<u>171,571,803</u>	<u>240,515,096</u>

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk

The Group					
2016					
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Government of Jamaica	-	-	-	103,840,128	103,840,128
Other sovereign bonds	-	-	-	24,072,687	24,072,687
Bank of Jamaica	3,340,700	-	-	11,194,795	14,535,495
Corporate	-	21,182,300	-	16,541,998	37,724,298
Financial institutions	22,169,021	276,514	221,506	1,326,482	23,993,523
Retail	-	15,991,443	-	-	15,991,443
	<u>25,509,721</u>	<u>37,450,257</u>	<u>221,506</u>	<u>156,976,090</u>	<u>220,157,574</u>
Concentration by location					
Jamaica	14,371,143	17,600,050	221,506	117,013,023	149,205,722
North America	2,837,233	121,283	-	19,773	2,978,289
Trinidad and Tobago	7,891,049	18,651,925	-	9,075,666	35,618,640
Dominican Republic	99,184	1,064,756	-	20,268,376	21,432,316
Other	311,112	12,243	-	10,599,252	10,922,607
	<u>25,509,721</u>	<u>37,450,257</u>	<u>221,506</u>	<u>156,976,090</u>	<u>220,157,574</u>
The Company					
2017					
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Financial institutions	<u>642</u>	<u>5,934,345</u>	<u>343,412</u>	<u>919,556</u>	<u>7,197,955</u>
Concentration by location					
Jamaica	642	5,293,245	343,412	919,556	6,556,855
Trinidad and Tobago	-	641,100	-	-	641,100
	<u>642</u>	<u>5,934,345</u>	<u>343,412</u>	<u>919,556</u>	<u>7,197,955</u>

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

	The Company				
	2016				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector					
Financial institutions	7,623	5,680,469	506,956	919,556	7,114,604
Concentration by location					
Jamaica	7,623	5,071,969	506,956	919,556	6,506,104
Trinidad and Tobago	-	608,500	-	-	608,500
	<u>7,623</u>	<u>5,680,469</u>	<u>506,956</u>	<u>919,556</u>	<u>7,114,604</u>

Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Collateral and other credit enhancements held against financial assets (continued)

An estimate, made at the time of borrowing, of the fair value of collateral and other security enhancements held against loans to borrowers and others is shown below:

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Cash secured	4,785,446	3,397,258	-	-	5,934,345	5,680,469	343,412	513,436
Property	22,248,080	19,788,212	-	-	-	-	-	-
Debt securities	5,299,408	3,935,588	934,173	231,117	-	-	-	-
Liens on motor vehicles	4,777,259	3,120,319	-	-	-	-	-	-
Equities	190,542	203,025	-	-	-	-	-	-
Other	6,357,081	6,944,074	-	-	-	-	-	-
Subtotal	43,657,816	37,388,476	934,173	231,117	5,934,345	5,680,469	343,412	513,436
Against past due but not impaired financial assets:								
Cash secured	93,705	239,768	-	-	-	-	-	-
Property	4,837,339	4,432,887	-	-	-	-	-	-
Liens on motor vehicles	1,064,882	706,229	-	-	-	-	-	-
Debt securities	817,425	633,636	-	-	-	-	-	-
Other	1,510,816	1,321,726	-	-	-	-	-	-
Subtotal	8,324,167	7,334,246	-	-	-	-	-	-
Against past due and impaired financial assets:								
Property	1,627,640	1,119,103	-	-	-	-	-	-
Liens on motor vehicles	54,751	201,382	-	-	-	-	-	-
Other	367,332	-	-	-	-	-	-	-
Subtotal	2,049,723	1,320,485	-	-	-	-	-	-
Total	54,031,706	46,043,207	934,173	231,117	5,934,345	5,680,469	343,412	513,436

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28. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil loan commitments.

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management process

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investments;
- (iv) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

The tables below present the residual contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the Group's and the company's financial liabilities.

	2017				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	29,776,612	6,272,519	13,613,201	49,662,332	49,087,511
Due to other banks	301	-	524,536	524,837	418,313
Securities sold under agreements to repurchase	108,001,514	46,851,241	4,313,204	159,165,959	156,647,595
Notes payable	21	-	4,597,009	4,597,030	4,525,306
Redeemable preference shares	-	-	9,018,707	9,018,707	8,837,821
Payables	2,446,790	-	-	2,446,790	2,446,790
	<u>140,225,238</u>	<u>53,123,760</u>	<u>32,066,657</u>	<u>225,415,655</u>	<u>221,963,336</u>

	2016				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Customer deposits	24,915,138	4,679,161	12,218,962	41,813,261	41,296,373
Due to other banks	-	-	652,622	652,622	499,166
Securities sold under agreements to repurchase	106,023,154	28,329,639	17,525,010	151,877,803	149,262,369
Notes payable	2,388,652	91,907	2,004,976	4,485,535	4,414,355
Redeemable preference shares	-	-	8,676,645	8,676,645	8,556,784
Payables	1,772,308	-	-	1,772,308	1,772,308
	<u>135,099,252</u>	<u>33,100,707</u>	<u>41,078,215</u>	<u>209,278,174</u>	<u>205,801,355</u>

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28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2017				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Redeemable preference shares	-	-	7,461,646	7,461,646	7,368,462
Due to subsidiary	4,890,595	-	-	4,890,595	4,890,595
Payables	3,154	-	-	3,154	3,154
	4,893,749	-	7,461,646	12,355,395	12,262,211
	2016				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Redeemable preference shares	-	-	7,177,600	7,177,600	7,087,425
Due to subsidiary	4,709,588	-	-	4,709,588	4,709,588
Payables	3,154	-	-	3,154	3,154
	4,712,742	-	7,177,600	11,890,342	11,800,167

(d) Market risk

The Group assumes market risk, which is the risk of changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices that will affect the Group's income or fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return on risk.

The overall responsibility for market risk management is vested in the Board Risk Management Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Management Committee) and for the day-to-day review of their implementation.

The principal tool used to measure and control market risk exposures within the Group is Value at Risk (VaR). The VaR of a portfolio is the estimated loss that will arise on the portfolio over a specified period of time (the holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based on a 99 percent confidence level and assumes a 10 day holding period. The VaR model used is based mainly on the Monte Carlo simulation model. Taking account of market data from the previous year and observed relationships between differences in market prices, the model generates a wide range of plausible future scenarios for market price movements.

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a reasonable assumption, but may not be the case in situations in which there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the model used, there is a one percent probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data to determine the relationships between different market prices may not cover all possible scenarios, as these relationships may break down in times of market stress;
- The VaR Measure is dependent on the Group's positions and volatility of market prices. The VaR of an unchanged position reduces if the market prices volatility declines and vice-versa.

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk Management Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Management Committee.

A summary of the VaR position of the Group's overall portfolio as at 31 March 2017 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	\$'000	\$'000	\$'000	\$'000
2017 Overall VaR	2,239,790	5,981,726	12,410,350	1,636,423
2016 Overall VaR	1,636,510	2,194,863	4,688,218	739,638

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration of risks within the portfolio.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

At the reporting date, the Jamaica dollar equivalents of net foreign currency assets/(liabilities) were as follows:

	The Group	
	2017	2016
	\$'000	\$'000
United States dollars	(5,533,400)	10,870,326
Great Britain pounds	(18,861)	(38,827)
Euros	47,740	64,676
Trinidad and Tobago dollars	277,225	425,560
Canadian dollars	41,169	46,390

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and the estimated effect of changes in rates on profit for the year. The change in currency rates below represents management's assessment of a reasonably probable change in foreign exchange rates at the reporting date:

	The Group			
	2017		2016	
	Change in Currency Rate %	Effect on Profit \$'000	Change in Currency Rate %	Effect on Profit \$'000
		\$'000		\$'000
Currency:				
USD	6	(332,004)	6	646,820
GBP	6	(1,132)	6	(2,330)
EUR	6	2,864	6	3,881
CAD	6	2,470	6	25,534
TT	6	16,634	6	2,783
		311,168		676,688

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The following tables summarise the Group's and the company's exposure to interest rate risk and the possible effect to earnings. It includes the Group's and the company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2017					
	The Group					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	20,895,153	-	-	-	-	20,895,153
Loans and notes receivable	23,833,413	57,222	2,966,780	18,783,914	1,491,805	47,133,134
Securities purchased under agreements to resell	915,006	-	-	-	-	915,006
Investment securities	13,289,304	25,287	476,227	155,070,853	2,710,132	171,571,803
Total financial assets	58,932,876	82,509	3,443,007	173,854,767	4,201,937	240,515,096
Financial Liabilities						
Deposits	37,165,481	-	5,349,876	1,422,945	5,149,215	49,087,517
Due to other financial institutions	299	-	-	418,014	-	418,313
Securities sold under agreements to repurchase	107,399,909	13,883,293	31,267,649	4,096,744	-	156,647,595
Notes payable	2,444,259	-	-	2,081,047	-	4,525,306
Redeemable preference shares	5,293,245	-	3,544,576	-	-	8,837,821
Other payables	-	-	-	-	2,446,790	2,446,790
Total financial liabilities	152,303,193	13,883,293	40,162,101	8,018,750	7,596,005	221,963,342
Total interest rate sensitivity gap	(93,370,317)	(13,800,784)	(36,719,094)	165,836,017	(3,394,068)	18,551,754
Cumulative interest rate sensitivity gap	(93,370,317)	(107,171,101)	(143,890,195)	21,945,822	18,551,754	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2016					
	The Group					
	Within 3 Months	3 to 6 Months	6 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and cash equivalents	25,489,991	2,405	-	-	17,325	25,509,721
Loans and notes receivable	21,692,419	832,176	2,187,686	11,223,824	1,514,152	37,450,257
Securities purchased under agreements to resell	120,494	101,012	-	-	-	221,506
Investment securities	11,214,524	10,216,912	3,295,947	130,670,816	1,577,891	156,976,090
Total financial assets	58,517,428	11,152,505	5,483,633	141,894,640	3,109,368	220,157,574
Financial Liabilities						
Deposits	31,507,962	-	4,499,142	887,913	4,401,356	41,296,373
Due to other financial institutions	-	-	-	499,166	-	499,166
Securities sold under agreements to repurchase	106,210,247	26,867,288	14,285,434	1,899,400	-	149,262,369
Notes payable	-	2,434,000	-	1,980,355	-	4,414,355
Redeemable preference shares	1,469,359	-	-	7,087,425	-	8,556,784
Other payables	-	-	-	-	1,772,308	1,772,308
Total financial liabilities	139,187,568	29,301,288	18,784,576	12,354,259	6,173,664	205,801,355
Total interest rate sensitivity gap	(80,670,140)	(18,148,783)	(13,300,943)	129,540,381	(3,064,296)	14,356,219
Cumulative interest rate sensitivity gap	(80,670,140)	(98,818,923)	(112,119,866)	17,420,515	14,356,219	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2017					
	The Company					
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and cash equivalents	642	-	-	-	-	642
Loans and notes receivable	-	5,934,345	-	-	-	5,934,345
Securities purchased under agreements to resell	343,412	-	-	-	-	343,412
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	344,054	6,834,993	-	-	18,908	7,197,955
Financial Liabilities						
Redeemable preference shares	-	-	-	7,368,462	-	7,368,462
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,890,595	4,890,595
Total financial liabilities	-	-	-	7,368,462	4,893,750	12,262,211
Total interest rate sensitivity gap	344,054	6,834,993	-	(7,368,462)	(4,874,842)	(5,064,252)
Cumulative interest rate sensitivity gap	344,054	7,179,047	7,179,047	(189,415)	(5,064,257)	
	2016					
	The Company					
	Within 3 Months \$'000	3 to 6 Months \$'000	6 to 12 Months \$'000	1 to 5 Years \$'000	Non-Interest Bearing \$'000	Total \$'000
Financial Assets						
Cash and cash equivalents	7,623	-	-	-	-	7,623
Loans and notes receivable	-	5,680,469	-	-	-	5,680,469
Securities purchased under agreements to resell	506,956	-	-	-	-	506,956
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	514,579	6,581,117	-	-	18,908	7,114,604
Financial Liabilities						
Redeemable preference shares	-	-	-	7,087,425	-	7,087,425
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,709,588	4,709,588
Total financial liabilities	-	-	-	7,087,425	4,712,742	11,800,167
Total interest rate sensitivity gap	514,579	6,581,117	-	(7,087,425)	(4,693,834)	(4,685,563)
Cumulative interest rate sensitivity gap	514,579	7,095,696	7,095,696	8,271	(4,685,563)	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable probable change in interest rates, with all other variables held constant, on the Group's interest income in the profit or loss account and gains recognised in other comprehensive income.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	The Group			
	2017		2016	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	2017	2017	2016	2016
	\$'000	\$'000	\$'000	\$'000
Change in basis points				
JMD/USD				
-100/-50	(212,947)	5,585,006	(313,393)	4,128,923
+100/+100 (2016:+250/+200)	208,892	(8,041,340)	362,669	(5,972,124)

Equity price risk

Equity price risk arises on equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize investment returns while managing risk so as to minimize potential adverse effects on the Group's financial performance.

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago stock exchanges. A 5% increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of \$69,882,000 (2016: \$52,980,000) for the Group.

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28. Financial Risk Management (Continued)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

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28. Financial Risk Management (Continued)

(f) Capital management

The Company and its subsidiaries have regulatory oversight from several regulators that impose capital requirements for various entities.

The objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- (ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Group's regulators and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The regulated authorities require each regulated entity to:

- (i) Hold the minimum level of the regulatory capital; and
- (ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries regulatory capital is divided into two tiers:

- (i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.
- (ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

The risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Money Transfer Limited (JMMBMT), JMMB Puesto de Bolsa, Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBBR), JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI), JMMB Merchant Bank Limited (JMMBMB), JMMB Bank (T&T) Limited (JMMBBTT), Intercommercial Trust and Merchant Bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities (T&T) (JMMBSTT).

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2017 and 31 March 2016.

There have been no material changes in the Group's management of capital during the year.

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28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMB		JMMBSL		JMMBIB	
	2017	2016	2017	2016	2017	2016
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Tier 1 capital	16,091,617	14,764,928	664,309	595,088	90,906	89,716
Tier 2 capital	5,603,408	5,659,712	6,465	-	-	-
Total regulatory capital	21,695,025	20,424,640	670,774	595,088	90,906	89,716
Risk-weighted assets:						
On-balance sheet	124,056,531	112,754,966	715,914	563,165	-	-
Foreign exchange exposure	9,345,749	8,893,446	352,713	144,084	-	-
Total risk-weighted assets	133,402,280	121,648,412	1,068,627	707,249	-	-
Actual regulatory capital to risk weighted assets	16%	17%	63%	84%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-
	ITMBL		JMMBBTT		JMMBMB	
	2017	2016	2017	2016	2017	2016
	TT\$'000	TT\$'000	TT\$'000	TT\$'000	J\$'000	J\$'000
Regulatory capital –						
Tier 1 capital	23,934	23,474	129,130	119,706	5,634,880	5,042,706
Tier 2 capital	326	130	77,444	73,401	187,471	116,256
Total regulatory capital	24,260	23,604	206,574	193,107	5,822,351	5,158,962
Total required capital	-	-	-	-	3,527,902	2,727,020
Risk-weighted assets –						
On balance sheet	15,982	26,142	1,065,372	1,036,792	29,929,071	24,542,968
Off balance sheet	-	-	-	-	3,435,211	2,163,428
Foreign exchange exposure	-	-	-	-	1,914,738	563,802
	15,982	26,142	1,065,372	1,036,792	35,279,020	27,270,198
Actual regulatory capital to risk weighted assets	152%	90%	19%	19%	17%	19%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

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28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2017	2016
	\$'000	\$'000
Tier 1 capital	455,594	320,357
Tier 2 capital	-	-
Actual regulatory capital	<u>455,594</u>	<u>320,357</u>
Required level of regulatory capital	<u>77,905</u>	<u>39,512</u>
Total risk-weighted assets	<u>556,462</u>	<u>282,225</u>
Tier one capital ratio to risk-weighted assets capital	<u>82%</u>	<u>114%</u>

- (i) The capital requirement for JMMBIB is to maintain a minimum capital base of \$10 million.
- (ii) The capital requirement for JMMB Puesto de Bolsa S.A. is RD\$5 million plus other reserve which is 5% of liquid profits.
- (iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited is to maintain a minimum capital base of TT15 million and TT6 million respectively.
- (iv) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD\$15 million or at least 1% of the ratio of total asset to funds under management (AUM/Capital).
- (v) The capital requirement for AFP JMMB BDI S.A. is to maintain a minimum capital base of RD\$10 million.
- (vi) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 13.3%.

The regulated entities within the Group have complied with all externally imposed capital requirements throughout the year.

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29. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There were no transfers between levels during the year.

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29. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of investment securities classified as Level 2

Type of Financial Instrument	Method of estimating fair value
Cash and cash equivalents, other receivables, resale agreements, accounts payable, repurchase agreements, Bank of Jamaica certificates of deposit	Considered to approximate their carrying values, due to their short-term nature
Units in unit trusts	Prices quoted by unit trust managers
Non-Jamaican sovereign bonds and corporate bonds	Estimated using bid-prices published by major overseas brokers.
Government of Jamaica securities	
Traded overseas	Estimated using bid-prices published by major overseas brokers.
Other	Estimated using mid-market prices using JSDA yield curve.
Interest in money market fund	Considered to be the carrying value because of the short-term nature and variable interest rate.
Loans and notes receivable	Considered to be carrying value as the coupon rates approximate the market rates.
Notes payable	Considered to be carrying value as the coupon rates approximate the market rates.

(c) Accounting classifications and fair values

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

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29. Financial Instruments - Fair Value (Continued)

		The Group				
		2017				
		Carrying amount			Fair value	
		At fair value				
		Loan and receivables	Available-for-sale	At fair value through profit & loss account	Held to maturity	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured as fair value						
Ordinary shares quoted	-	408,131	-	445,331	-	853,462
Certificates of Deposit	-	5,009,441	-	-	-	5,009,441
Government of Jamaica Securities	-	97,061,290	-	-	-	97,061,290
Government of Jamaica guaranteed	-	4,675,555	-	-	-	4,675,555
Corporate bonds	-	12,959,675	-	416,038	-	13,375,713
Foreign Government Securities	-	30,997,682	-	47,075	-	31,044,757
Money market funds	-	1,376,520	-	-	-	1,376,520
Units in unit trusts	-	162,198	-	-	-	162,198
Other	-	88,992	-	-	-	88,992
	-	152,739,484	-	908,444	-	153,647,928
Financial assets not measured at fair value						
Government of Jamaica Securities	14,492,680	-	-	-	-	14,492,680
Sovereign bonds	110,553	-	-	-	57,060	167,613
Government of Jamaica guaranteed	3,101,770	-	-	-	-	3,101,770
Other	161,812	-	-	-	-	161,812
	17,866,815	-	-	-	57,060	17,923,875
					21,137,283	21,137,283

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29. Financial Instruments - Fair Value (Continued)

		The Group			
		2016		Fair value	
		Carrying amount			
		At fair value			
		through		Held	
		profit & loss		to	
		account		maturity	
		\$'000		\$'000	
Loan and receivables	\$'000	Available-for-sale	At fair value through profit & loss account	Held to maturity	Total
		\$'000	\$'000	\$'000	\$'000
Financial assets measured as fair value					
Ordinary shares quoted	-	378,383	265,426	-	643,809
Certificates of Deposit	-	11,405,864	-	-	11,405,864
Government of Jamaica Securities	-	76,086,900	150,971	-	76,237,871
Government of Jamaica guaranteed	-	5,908,979	-	-	5,908,979
Credit default swap	-	-	1,652,182	-	1,652,182
Corporate bonds	-	4,382,501	45,672	-	4,428,173
Foreign Government Securities	-	23,823,705	-	-	23,823,705
Money market funds	-	584,079	-	-	584,079
Units in Unit Trust	-	186,038	-	-	186,038
Other	-	170,765	-	-	170,765
	-	122,927,214	2,114,251	-	125,041,465
Financial assets not measured at fair value					
Credit link note	-	-	-	9,538,595	9,538,595
Certificates of deposit	345,297	-	-	-	345,297
Government of Jamaica Securities	18,535,833	-	-	-	18,535,833
Sovereign bonds	94,946	-	-	97,897	192,843
Government of Jamaica guaranteed	3,308,415	-	-	-	3,308,415
Other corporate bonds	13,642	-	-	-	13,642
	22,298,133	-	-	9,636,492	31,934,625
		643,809	124,397,656	125,041,465	125,041,465
		-	-	9,910,127	9,910,127
		-	-	345,297	345,297
		-	-	20,215,190	20,215,190
		-	-	88,841	88,841
		-	-	3,336,450	3,336,450
		-	-	8,185	8,185
		-	33,904,090	33,904,090	33,904,090

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29. Financial Instruments - Fair Value (Continued)

**Financial assets
measured as fair value**
Certificates of deposit
Ordinary share unquoted

The Company	
2017	
Carrying amount	Fair value
Available for-sale \$'000	Level 2 \$'000
900,648	900,648
18,909	18,909
919,557	919,557

**Financial assets
measured as fair value**
Certificates of deposit
Ordinary share unquoted

2016	
Carrying amount	Fair value
Available for-sale \$'000	Level 2 \$'000
900,648	900,648
18,909	18,909
919,557	919,557

30. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. To better secure the payment of promised benefits, a subsidiary company operates a defined-contribution pension fund for the Group's Jamaican employees who have satisfied certain minimum service requirements. The fund is financed by equal contributions of employer and employees of 5% of pensionable salaries with an option for employees to contribute up to an additional 10% of pensionable salaries.

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2014 by ACTMAN International Limited, independent actuaries. The valuation report revealed a funding surplus.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

The Trinidadian subsidiaries operate a two tiered defined contribution plan which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

The contributions for the year amounted to \$172,107,000 (2016: \$144,145,000) for the Group.

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31. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (Note 30). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested have been excluded from these financial statements.

At 31 March 2017, funds managed in this way by the Group amounted to \$88,662,224,000 (2016: \$85,577,544,000) which includes assets of the Group's pension fund (Note 30), amounting to \$2,572,052,000 (2016: \$1,907,779,000). The financial statements included the following assets held in (liabilities payable to) the managed funds:

	The Group	
	2017	2016
	\$'000	\$'000
Investments	802,061	584,079
Interest payable	(2,459)	(2,963)
Securities sold under agreements to repurchase	(42,107,145)	(36,458,195)
Customer deposits	(3,019,652)	(2,163,420)

32. Commitments

(i) Endowment Fund

The JMMB Group and the Joan Duncan Foundation established an endowment Fund ("the Fund") of US\$1 million which will be administered by the University of the West Indies and Mona school of Business and Management. The main purpose of the Fund is to provide scholarships, bursaries, student training and development, academic staff development and case writing. Disbursements to the Fund will be made over a period of six years.

(ii) Operating Leases

The Group has entered into several lease agreements for rental of offices. The amount charged to profit or loss during the year is \$375,830,000 (2016: \$244,979,000).

As at 31 March 2017, the Group is committed to make future lease payments as follows:

	The Group	
	2017	2016
	\$'000	\$'000
Less than one year	375,830	180,529
Between one and five years	1,126,742	597,503
More than five years	467,281	492,649
	<u>1,969,853</u>	<u>1,270,681</u>

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33. Change in Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 34 to all periods presented in these financial statements.

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements.

The detail, nature and effects of the changes are explained below:

- IAS 1, *Presentation of Financial Statements* has been amended to clarify or state the following:
 - Specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
 - The order of notes to the financial statements is not prescribed.
 - Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
 - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.
- IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are amended as follows:
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- Amendments to IAS 27, *Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.
- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.
- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations* require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

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33. Change in Accounting Policies (Continued)

The detail, nature and effects of the changes are explained below (continued):

- IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures* have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.
 - Improvements to IFRS 2012-2014 Cycle contain amendments to certain standards and interpretations applicable to the Group as follows:
 - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.
 - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered ‘continuing involvement’.
- IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities* (Amendment to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.
- IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report”. The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements except for the re-ordering of the significant accounting policies to note 34 of the financial statements.

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34. Significant Accounting Policies

Except for the changes explained in note 33, the Group has consistently applied the following accounting policies to all period presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries presented as a single economic entity.

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, where there is exposure to variability of returns and the company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with those of the Group.

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated profit and loss account.

The Group uses predecessor value (book value) method of accounting for business combinations with entities under common control. Any differences between the consideration paid and the net assets of the acquired entity is recognised in equity.

(i) Non-controlling interests

Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value.

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34. Significant Accounting Policies (continued)

(b) Financial instruments

General

A financial instrument is any contract that gives rise to a financial asset of one enterprise and financial liability or equity instrument of another enterprise.

(i) Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities –

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

General (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Held-to-maturity: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which the sale or reclassification occurs and the following two financial years.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.
- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

(i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets (continued)

(ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under “General” in this note 2(c) above.

(iii) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements (‘resale agreements’ or reverse repos) or sales of securities under repurchase agreements (‘repurchase agreements’ or ‘repos’) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

(iv) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less allowance for impairment.

An allowance for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms.

When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific allowances for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

For non-performing and impaired loans the accrual of interest income based on the original terms of the loan is discontinued. Jamaican banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS require that interest income on non-performing loans be accrued, to the extent collectible, and that the increase in the present value of impaired loans due to the passage of time be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan.

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34. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets (continued)

(iv) Loans and notes receivable and other receivables (continued)

Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in arriving at net profit or loss.

Statutory and other regulatory loan loss reserve requirements that exceed the amounts required under IFRS are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

(v) Account payable

Accounts payable are measured at amortised cost.

(vi) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 2(c) (iii)] are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(vii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

(c) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

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34. Significant Accounting Policies (Continued)

(c) Property, plant and equipment

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

(i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets ranging from 20% to 25% per annum, from the date it is available for use.

(ii) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the cost is less than the fair value (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

(iii) Customer lists and core deposits

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which ranges from 8 to 15 years.

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34. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

(iv) Licences

These assets represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the date of that statement;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

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34. Significant Accounting Policies (Continued)

(f) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group's redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(g) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income in which case it is also recognised in other comprehensive income.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Impairment

The carrying amounts of the Group's assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

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34. Significant Accounting Policies (Continued)

(i) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Revenue recognition

The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest basis. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

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34. Significant Accounting Policies (Continued)

(i) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows:

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

(j) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, vacation leave; non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution funds which the Group operates to provide retirement pensions for the Group's employees (Note 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(k) Operating leases

Payments made under operating leases are recognised in profit or loss on the straight line basis over the terms of the leases.

(l) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(n) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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34. Significant Accounting Policies (Continued)

(o) Investment properties

Investment properties are held for rental income and fair value gains. Investment properties are treated as a long-term investment and are carried at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight line basis over the tenor of the lease.

(p) New and amended standards and interpretation issued but are not yet effective

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the financial statements.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.
- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:
 - The existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.
 - A deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.
 - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
 - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.
 - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.
- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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34. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretation issued but are not yet effective (continued)

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two entities in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessees will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

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34. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretation issued but are not yet effective (continued)

- Improvements to IFRSs 2014-2016 contain amendments to certain standards applicable to the Group as follows:
 - IFRS 12, *Disclosure of Interests in Other Entities*, effective retrospectively for annual reporting periods beginning on or after January 1, 2017, has been amended to clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.
- IAS 28, *Investments in Associates and Joint Ventures*, effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:
 - (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.
 - (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

The Group is assessing the impact, if any, that these, new and amended standards and interpretations will have on its future financial statements when they are adopted.

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